



# Federal Election Commission Campaign Guide

## Political Party Committees

August 2004



## About this Guide

This *Campaign Guide for Political Party Committees* replaces the August 1996 edition. It summarizes the federal campaign finance laws applicable to party committees as of August 2004. It reflects the changes to the Federal Election campaign Act (FECA) resulting from the Bipartisan Campaign Reform Act of 2002. That legislation took effect on November 6, 2002. Certain regulatory provisions discussed in this Guide were addressed in *Shays and Meehan v. FEC*. When this guide went to print, that litigation had not yet concluded.

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Washington, DC 20463

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## **Introduction**

This Campaign Guide has been written to help political party committees at all levels—national, state, district and local—comply with the federal campaign finance law. This law regulates the money raised and spent to elect candidates to the U.S. Congress and the U.S. Presidency. Unregistered party organizations should instead consult the FEC brochure on “Local Party Activity.”

### **Defined Terms**

Terms printed in italics have specific definitions under federal law. The definitions appear in Appendix G.

### **Citations**

Most of the citations in this Guide refer to Federal Election Commission regulations.<sup>1</sup> FEC advisory opinions are also cited. (More on advisory opinions below.)

### **Getting More Help**

#### **Toll-Free Line**

Many questions on the federal campaign finance law can be answered informally by FEC staff. Call the FEC at:

800/424-9530

202/694-1100 (Washington, DC, area)

202/219-3336 (TDD)

Hearing-impaired persons may reverse the charges when calling long-distance on the TDD number. Questions may also be submitted by electronic mail to [info@fec.gov](mailto:info@fec.gov).

#### **Free Publications**

In addition to this Guide, the FEC publishes a series of brochures and other publications on several aspects of the federal campaign finance law, all available free of charge. Subscriptions to the Commission’s newsletter, the *Record*, are also available at no charge. Call the FEC to place your order.

### **FEC Web Site**

Filing forms and other informational materials such as advisory opinions and recent changes in the FEC regulations are also available on the FEC web site ([www.fec.gov](http://www.fec.gov)).

### **Faxline**

The FEC maintains a free automated fax-on-demand service, Faxline. Documents available on Faxline include selected parts of Title 2 of the U.S. Code, FEC regulations, advisory opinions (1990 – present), forms and schedules, brochures and other documents regarding campaign finance. To receive documents from the Faxline, call 202/501-3413 and follow the voice prompts.

### **Advisory Opinions**

FEC advisory opinions (AOs) respond to questions on the legality of specific activities. Individuals and organizations involved in an activity that does not differ in any material aspects from that addressed in an AO may rely on the opinion for legal guidance. Advisory opinions are available on the Commission’s web site. Copies of advisory opinions may also be ordered from the FEC’s Public Records Office; there is a small copying charge.

Anyone may request an advisory opinion on his or her own proposed or ongoing activity. Requests presenting only past activity or the activities of others do not qualify. The Commission has 60 calendar days after receiving a request to issue the advisory opinion. (A 20-day expedited response is available to candidate committee requesters in certain situations.) 112.4(b). However, if the Commission needs to seek further information from the requester, the 60-day period may be extended. Advisory opinion requests should be addressed to the Office of General Counsel at:

Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

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<sup>1</sup> FEC regulations are located in Title 11 of the Code of Federal Regulations, Parts 100-400 and 9001-9039.

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## CHAPTER 1

# Getting Started

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## 1. Who Should Use This Guide

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This guide is written for party committees that have registered (or may need to register) as federal *political committees*.

This guide is not intended for local party groups that do not have to register as federal political committees. However, those groups remain subject to several FEC regulations.

In this guide, the term *party committee* refers to a party unit that has qualified as a political committee under federal law, with attendant registration and reporting requirements. 100.5. The term *party organization* refers to a party unit that has not triggered federal registration and reporting requirements.<sup>1</sup>

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## 2. Committee Registration

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A party organization becomes a political committee under the Federal Election Campaign Act (the *Act*) when its activity in connection with a federal election exceeds one of the registration thresholds. The committee then has 10 days to file an FEC registration form (FEC Form 1). 100.5 (a) and (c); 102.1 (d).

A newly registered political committee must begin disclosing its financial activity in FEC reports.

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<sup>1</sup> See especially 11 CFR 100.5(a) and (c) – definition of political committee; 100.51-100.56 – definition of contribution; 100.110-100.114 – definition of expenditure; 102.5(a) and (b) – organizations financing activity in connection with federal and nonfederal elections; 102.6(a)(1) and (2) – transfers of funds; 106.7 – allocation of federal and nonfederal activity by party committees; 110.1 and 110.2 – contribution limits; 110.4, 110.20, 114.2 and 115.2 – prohibited contributions; 109.32 – party committee expenditure limits; and 110.11 (a) – communications. For more information on unregistered party organizations, call the FEC.

## Registration Thresholds

### State and National Organizations

A party organization at the state or national level<sup>2</sup> becomes a political committee when, during a calendar year, it:

- Spends more than \$1,000 in *contributions* and other *expenditures*; or
- Raises more than \$1,000 in contributions. 100.5(a).

### Local Organizations

A *local party organization* becomes a political committee when, during a calendar year, it:

- Spends more than \$1,000 in contributions and other expenditures;<sup>3</sup> or
- Raises more than \$5,000 in contributions; or
- Spends more than \$5,000 on *exempt party activities*. 100.5(c).

### Permissible Funds

Note that party organizations must finance their activity in connection with federal elections with funds that comply with the federal contribution limits and prohibitions. 102.5(b).

## \$1,000 Threshold for Contributions/Expenditures Made

Once a party organization spends more than \$1,000 per calendar year on contributions and other expenditures, it becomes a political committee and must register. Note that the \$1,000 threshold is an aggregate one—it applies to all contributions and expenditures made by the organization during the year, including transfers to a party committee (i.e., a *federal account*).

## \$1,000 and \$5,000 Thresholds for Contributions Received

The “contributions received” threshold is \$1,000 for state and national organizations and \$5,000 for local party organizations. Funds specifically solicited or donated for the purpose of influencing federal elections count against this threshold

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<sup>2</sup> Certain criteria must be met before a committee qualifies as a national party committee or state party committee; see Appendix A.

<sup>3</sup> Note that the terms contribution and expenditure mean money, loans, advances, goods, services or anything of value given for the purpose of influencing federal elections. 100.52(a) and 100.111 (a).

(and are subject to the federal limits and prohibitions).

Funds (including loans) transferred in from a *party committee* (i.e., a *federal account*) also count against the threshold if they are used by the recipient party organization for federal activity.

### **\$5,000 Threshold for Exempt Activities**

This threshold applies only to *local party organizations*. Spending in excess of \$5,000 per year on exempt party activities triggers political committee status. However, if the exempt activity supports both federal and nonfederal candidates, only the portion of the expense allocable to federal candidates counts against the \$5,000 threshold. For more information on exempt party activities, see page 38.

## **3. Types of Funds**

State, district and local party committees may raise and spend as many as three different types of funds:

- **Federal** – These funds are subject to the limits, prohibitions and reporting requirements of the Act and are used to finance activities in connection with federal elections. Only federal funds count against the registration thresholds, described above;
- **Nonfederal** – These funds are subject to state law, but may not be permissible under federal law. Nonfederal funds are generally used to finance state and local election activities; and
- **Levin** – This is a new category of funds used for certain *federal election activity*. Levin funds may include donations from some sources ordinarily prohibited by federal law (e.g. corporations, unions and federal contractors) but permitted by state law. Levin donations are limited to \$10,000 per calendar year from any source or to the limits set by state law – whichever limit is lower. For further information on Levin funds, see page 42

National parties may not solicit, raise, direct or spend funds or anything of value that are not subject to the prohibitions, limitations and reporting requirements of the Act. This prohibition of nonfederal and Levin funds also applies to any agent or officer acting on behalf of the national party committee or any entity that is directly

or indirectly established, financed, maintained or controlled by a national party committee. 300.10(a)-(c). For information on agency and such entities, see below.

## **4. Agents and Entities of the Committee**

Any prohibitions that apply to political party committees also apply to any agent or officer acting on behalf of the party committee or any entity which is directly or indirectly established, financed, maintained or controlled by a party committee.

### **Agents of a Committee**

An agent is any person who has actual authority, either expressed or implied, to engage in certain activities on behalf of the committee.<sup>4</sup>

### **State and Local Party Committees**

In the case of state and local party committees, these activities are:

- Expending or disbursing any funds for federal election activity;
- Transferring or accepting transfers of funds for federal election activity;
- Engaging in joint fundraising activity if any part of the funds are to be used for federal election activity; or
- Soliciting any funds for, or making or directing any donations to, any tax-exempt 501 (c) organization or 527 organization that is not also a political committee, a party committee or a campaign committee. 300.2(b)(2).

### **National Party Committees**

In the case of the national party committees, these activities are:

- Soliciting, directing or receiving a contribution, donation or transfer of funds; or
- Soliciting any funds for, or making or directing contributions to, any tax-exempt 501 (c) organization or 527 organization that is not also a political committee, a party committee or a campaign committee. 300.2(b)(1).

<sup>4</sup> Additional definitions of agent appear in the glossary, Appendix G.

### Definition of Solicit

To solicit means to ask that another person contribute, donate or transfer funds or otherwise provide anything of value, either directly or through an intermediary. Solicitation does not include providing information or guidance regarding the law. 300.2(m).

### Definition of Direct

To direct means to ask a person who has expressed an intention to make a contribution, donation, transfer of funds, or to provide anything of value, to do so either directly or indirectly through an intermediary. Direction does not include merely providing information or guidance regarding the law. 300.2(n).

## Entities of a Committee

To determine whether or not an organization is an entity of a party committee, a number of factors may be taken into account. Each is examined within the context of the overall relationship between the sponsor and the entity. These factors include whether the sponsor:

- Owns controlling interest in the voting stock or securities of the entity;
- Has the authority or ability to direct or participate in governing the entity. This authority may come from bylaws, constitutions, contracts or other rules, or through formal or informal practices;
- Has the authority or ability to hire, fire or otherwise control the decision-making members of the entity;
- Has overlapping membership with the entity which indicates a formal or ongoing relationship between them;
- Has overlapping officers or employees with the entity that indicates a formal or ongoing relationship between them;
- Has any members, officers or employees who were members, officers or employees of the entity that indicates a formal or ongoing relationship between them;
- Provides funds or goods in a significant amount or on an ongoing basis to the entity. This does not include transfers of an allocated share of joint fundraising activity;

- Causes or arranges for funds in a significant amount or on an ongoing basis to be provided for the entity. Again, this does not include transfers of an allocated share of joint fundraising activity;
- Had an active or significant role in the formation of the entity; and
- Has similar patterns of receipts or disbursements with the entity that indicate a formal or ongoing relationship between them.

300.2(c)

### Safe Harbor Provision

Determination of whether an organization is an entity of a party committee is based on activity after November 6, 2002, only.

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## 5. Committee Bank Accounts

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State, district and local party committees or organizations that engage in both federal and nonfederal activities must follow certain rules to ensure that federal activity is financed with funds that comply with the limitations and prohibitions of the *Act*. Federal activities include, for example:

- *Contributions* and other spending on behalf of specific federal candidates;
- The federal portion of allocable expenses, such as administrative expenses and *generic voter drive* costs;
- Certain transfers of funds to other party committees;
- Contributions to federally registered *PACs*; and
- Certain *federal election activity* (FEA), described in Chapter 8.

Each state, district or local party organization or committee that finances activity in connection with federal and nonfederal elections has three options:

- Set up three separate types of bank account: one or more *federal accounts* used for federal activity, one or more *nonfederal accounts* used exclusively for nonfederal activity and one or more Levin accounts used for certain FEA. 300.30(c)(2); or
- Set up two separate types of account: one or more federal accounts and a nonfederal account. Committees that choose this option may deposit Levin funds into the nonfederal account, but must keep detailed records. 300.30(c)(3); or

- Set up one or more federal bank accounts for all of its activity, both federal and nonfederal. Such an account cannot accept Levin funds. 300.30(c)(1) and 102.5(a)(1)(ii). It must comply with all requirements of the Act. For more information on the receipt of Levin funds, see Chapter 8.

### Three Accounts: Federal, Nonfederal and Levin

Only contributions permissible under federal law may be deposited into the federal account. All federal activity must be transacted from that account. 102.5(a)(1) and (2); 300.30(b)(3)(i) and (ii).

By contrast, the nonfederal account may not finance any federal activity. The nonfederal account has no registration or reporting obligations under federal law but is subject to nonfederal laws, such as state registration and reporting requirements. See below.

Payments for administrative and other mixed federal/nonfederal expenses must be paid by the federal account or a special *allocation account*. Once a party committee establishes an allocation account, all allocable expenses must be paid for from that account as long as it exists. The nonfederal account may transfer its allocated portion of a mixed expense to the federal or allocation account, as explained in Chapter 13. 106.(7)(f). No funds from a combined allocation account may be transferred to any other account maintained by the committee or organization. 300.30(b)(4)(v). Funds may be transferred from the nonfederal account to pay the nonfederal share of allocable expenses, but no other nonfederal-to-federal transfers are permissible. 102.5(a)(1)(i) and 106.7(f); 300.30(b)(3)(v)

Payments for FEA must be paid from the federal account or a special allocation account—separate from its federal/nonfederal allocation account. If the federal account pays the expenses, the committee may transfer funds from its Levin accounts to cover the allocable share. If an FEA allocation account is used, the committee must transfer funds from both its federal and Levin accounts to cover the allocable expenses. 300.34(c). No other transfers of Levin funds are permissible. 300.34(b).

### Two Accounts: Federal and Nonfederal

Only funds permissible under federal law may be deposited into the federal account. All federal activity must be transacted from that account or from an allocation account. 102.5(a)(1)(i).

The nonfederal account may be used for nonfederal activity and, if the committee chooses to raise Levin funds, for allocable *federal election activity*. The committee must demonstrate through a reasonable accounting process that they have adequate Levin funds to cover any payments for the Levin component of allocable FEA that come from this combined account. 102.5(a)(3) and 300.30(c)(3).

The account's Levin fund receipts and disbursements are subject to the disclosure provisions of the FEC regulations. See chapter 8 for discussion of FEA and Levin funds.

### One Federal Account

When only one account—a federal account—is used for federal and nonfederal activity, that account is considered a *political committee* under federal law. All contributions received by the committee are subject to federal prohibitions, limitations and solicitation requirements (see below), regardless of whether the funds are used to pay for federal, nonfederal or FEA. Similarly, all receipts and disbursements must be reported, including those that pertain to nonfederal activity and federal election activity. 102.5(a)(1)(ii). The committee's nonfederal activity is subject to nonfederal law (see below).

### Receiving and Depositing Federal Contributions

Contributions deposited in either a federal account or an account used for both federal and nonfederal activity must meet certain conditions. Contributions must be:

- Designated for the federal account;
- The result of a solicitation which expressly states that the contribution may be used wholly or in part in connection with a federal election; or
- From contributors who are informed that all contributions are subject to the prohibitions and limitations of the Act.

102.5(a)(2) and 300.30(a)(3)(ii).

See also "Solicitation Notices," page 17.

## COMMITTEE REGISTRATION (PART 1)

FEC FORM 1	STATEMENT OF ORGANIZATION		Office Use Only
1. NAME OF COMMITTEE (in full) <input type="checkbox"/> (Check if name is changed) Example: If typing, type over the lines.		12FE4M5	
Freedom Party State Committee			
ADDRESS (number and street)		111 Politics St.	
<input type="checkbox"/> (Check if address is changed)	City	ST	00000
COMMITTEE'S E-MAIL ADDRESS		CITY ▲	STATE ▲ ZIP CODE ▲
FPSC@freedomparty.org			
COMMITTEE'S WEB PAGE ADDRESS (URL)			
http://www.freedomparty.org			
COMMITTEE'S FAX NUMBER			
214   555   4451			
2. DATE	09 / 13 / 2003		
3. FEC IDENTIFICATION NUMBER ▶	C		
4. IS THIS STATEMENT	<input checked="" type="checkbox"/> NEW (N)	OR	<input type="checkbox"/> AMENDED (A)
I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.			
Type or Print Name of Treasurer	John Responsible		
Signature of Treasurer	John Responsible		Date 09 / 13 / 2004
NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.			
Office Use Only		For further information contact: Federal Election Commission Toll Free 800-424-9530 Local 202-694-1100	FEC FORM 1 (Revised 02/2003)

## 6. Committee Treasurer

### Importance of Office

A political committee must designate a treasurer on a Statement of Organization (FEC Form 1). 102.1, 102.2 and 102.7. The treasurer is responsible for seeing that the committee complies with the Act. Before agreeing to become treasurer, the individual should understand the duties and liabilities of the office.

### Treasurer's Duties

The treasurer is responsible for:

- Signing all reports and statements. 102.2 (a), 104.1 (a) and 104.14 (a).
- Filing complete and accurate reports and statements on time. 104.1 (a) and 104.14 (d).
- Monitoring contributions to ensure compliance with the Act's limits and prohibitions. 103.3 (b).
- Depositing receipts in the committee's designated bank within 10 days. 103.3 (a).
- Authorizing expenditures and

appointing *authorized agents* (either orally or in writing) to receive contributions and make expenditures. 102.7 (c) and 102.9.

- Keeping the required records of receipts and disbursements. 102.9 and 104.14 (b).

### Treasurer's Liability

Treasurers are responsible for carrying out the duties listed above. For this reason, when the Commission brings an enforcement action against a political committee, the treasurer is named as a respondent along with the committee itself. Even when an enforcement action alleges violations that occurred during the term of a previous treasurer, the Commission usually names the current treasurer as a respondent. However, the Commis-

## Soliciting Levin Funds

Levin funds must be raised under unique rules. For information of how to raise Levin funds, see page 42.

## Nonfederal Laws Apply

Disbursements made in connection with a non-federal election are subject to relevant state or local law. Committees should therefore seek guidance from the appropriate election officials. See also Appendix E.

sion will indicate whether the treasurer is named in his or her official capacity, is alleged to have personally violated Commission law and regulation, or both.

## Assistant Treasurer

The Commission urges every committee to designate an assistant treasurer on its Statement of Organization. An assistant treasurer may assume the treasurer's duties when the treasurer is unavailable or has resigned. 102.7(a).

If the treasurer is unavailable to sign a report and there is no assistant treasurer, the committee may designate an assistant treasurer on an amended Statement of Organization. The assistant treasurer may sign both the amendment and the report. The amendment must be filed within 10 days of the change. 102.2(a)(2). (See page 9.)

## New Treasurer

A committee must report a change in treasurer within 10 days. 102.2(a)(2). (See page 9.)

## COMMITTEE REGISTRATION (PART 2)

FEC Form 1 (Revised 02/2003) Page 2

5. TYPE OF COMMITTEE (Check One)

(a)  This committee is a principal campaign committee. (Complete the candidate information below.)

(b)  This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate \_\_\_\_\_

Candidate Party Affiliation \_\_\_\_\_ Office Sought:  House  Senate  President State \_\_\_\_\_ District \_\_\_\_\_

(c)  This committee supports/opposes only one candidate, and is NOT an authorized committee.

Name of Candidate \_\_\_\_\_

(d)  This committee is a  (National, State or subordinate) committee of the  (Democratic, Republican, etc.) Party.

(e)  This committee is a separate segregated fund.

(f)  This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee.

---

6. Name of Any Connected Organization or Affiliated Committee

Mailing Address   
    
 CITY STATE ZIP CODE

Relationship

Type of Connected Organization:

Corporation  Corporation w/o Capital Stock  Labor Organization  
 Membership Organization  Trade Association  Cooperative

FES/AN042

## 7. FEC Registration Form

Within 10 days of exceeding a registration threshold and triggering political committee status, a party committee must file a Statement of Organization (FEC Form 1). 102.1(d). Line-by-line instructions are provided below, and with the form itself.

## Line-by-Line Instructions

### Line 1. Name and Address of the Committee

Enter the full, official name of the committee and its mailing address. This address is considered the committee's address of record. All Commission correspondence will be sent to this address. 102.2(a)(1)(i). In addition, a committee must include its internet web site, its fax number if available and, if required to file electronically, its e-mail address. 102.2(a)(i)(vii).

A party committee's name cannot include the name of any candidate. Furthermore, a party committee cannot use the name of any candidate in the name of a special communication, such as a fundraising project, unless the project name shows unambiguous opposition to the candidate, as explained on page 40. 102.14(a) and (b)(3).

## COMMITTEE REGISTRATION (PART 3)

FEC Form 1 (Revised 02/2003)		Page 3	
Write or Type Committee Name			
Freedom Party State Committee			
7. Custodian of Records: Identify by name, address (phone number -- optional) and position of the person in possession of committee books and records.			
Full Name	John Responsible		
Mailing Address	111 Guide St.		
	City	ST	00000
Title or Position	CITY 1	STATE 1	ZIP CODE 1
Treasurer	Telephone number 555-555-4451		
8. Treasurer: List the name and address (phone number -- optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).			
Full Name of Treasurer	John Responsible		
Mailing Address	111 Guide St.		
	City	ST	00000
Title or Position	CITY 1	STATE 1	ZIP CODE 1
Treasurer	Telephone number 555-555-4451		
Full Name of Designated Agent	Alice Second		
Mailing Address	111 Records St.		
	City	ST	00000
Title or Position	CITY 1	STATE 1	ZIP CODE 1
Assistant Treasurer	Telephone number 555-555-1234		

### Line 2. Date

Enter the date when the committee officially became a political committee—that is, the date when the committee exceeded a registration threshold.

### Line 3. FEC Identification Number

Leave this space blank. The committee will be notified of its FEC ID number by mail a few weeks after filing Form 1. From then on, the ID number should be included on reports, statements and other communications. 102.2(c).

If a committee must file a report before it has received an ID number, it should leave that space blank on the reporting form (FEC Form 3X, line 2).

### Line 4. Is This Statement New or an Amendment?

Check “new.” (Amendments are discussed under “Updating Registration Information,” page 9.)

### Line 5. Type of Committee

A party committee checks box (d) and identifies itself as either a national, state or subordinate (local) committee of a particular party. 102.2(a)(1)(i). National and state party committee status is determined by the Commission through the advisory opinion process. 100.13 and 100.14(a).

### Line 6. Affiliated Committees

List the names and addresses of any *affiliated committees*. 102.2(a)(1)(ii). See 102.2(b)(1)(ii)(B). Affiliated committees share the same limits on contributions received and made; see page 14.

- A *local party committee* lists the state party committee as an affiliate. Local committees are presumed to be under the direction and control of the state committee—and thus affiliated with the state committee—unless they can demonstrate otherwise. See 110.3(b)(3).

- A *state party committee* lists all affiliated local party committees. (It should not list local party organizations.) See 110.3(b)(3).
- A *national party committee* lists any committees it has established, financed, maintained or controlled. However, a national committee does not list state or local party committees, since they are not considered affiliated with the national committee for purposes of the contribution limits. A party’s Senate and House

campaign committees are also not considered affiliated with the national committee for purposes of the contribution limits.<sup>5</sup> 110.3(b)(1) and (b)(2).

### Line 7. Custodian of Records

Enter the name and address of the person who has actual possession of the committee's financial records. The committee's treasurer, assistant treasurer or another person (such as an accountant or bookkeeper) may serve as the custodian of records. 102.2(a)(1)(iii). (Recordkeeping rules are discussed in Chapter 10.)

### Line 8. Treasurer and Assistant

List the name and mailing address of the treasurer. 102.2(a)(1)(iv). As previously discussed in Section 4, the Commission urges all political committees to list an assistant treasurer as well.

### Line 9. Banks or Other Depositories

List the name and address of each bank where the committee deposits funds. The committee must have at least one checking account for the deposit of receipts. 102.2(a)(1)(vi) and 103.2.

### Signing and Dating the Form

The treasurer or assistant treasurer must sign and date the form on the bottom line. 102.2(a)(1). The signer's name must also be typed or printed where indicated.

## COMMITTEE REGISTRATION (PART 4)

FEC Form 1 (Revised 02/2003) Page 4

9. **Banks or Other Depositories:** List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.

Second National Bank

Mailing Address

111 Feduciary St.

City

ST

00000

CITY      STATE      ZIP CODE

---

Name of Bank, Depository, etc.

Mailing Address

CITY      STATE      ZIP CODE

FESAND42

### Filing the Form

A party committee must file its Statement of Organization within 10 days of becoming a political committee. 102.1(d).

The Statement of Organization—and any amendments—are filed both with the FEC and the filing office of the state in which the committee has its headquarters, if that state has not received a waiver from the requirement to maintain copies of FEC statements and reports. See page 59 for details.

<sup>5</sup> However, the Democratic and Republican national committees and their respective Senate campaign committees share the same limit on contributions to Senate campaigns. 110.2(e). See page 27.

## Updating Registration Information

Whenever any of the information on the Statement of Organization (Form 1) changes, the committee must report the change within 10 days by filing an amended Form 1 or a letter containing the same information (for paper filers only).

The amount of information required on an amended Statement of Organization depends on whether the committee files on paper or electronically. If the committee files electronically, it must submit a fully completed Form 1.

In the case of paper filers, the Form 1 or letter needs to include only:

- The name and address of the committee (Form 1, Line 1);
  - The date the change took effect (Line 2);
  - The FEC ID number (Line 3);
  - An indication that the statement is an amendment to the Statement of Organization (Line 4);
  - The changed information (appropriate line number); and
  - The name and signature of the treasurer (or assistant treasurer) and the date signed.
- 102.2(a)(2).

## 8. Incorporating the Committee

If a party committee incorporates for liability purposes only, its outgoing contributions and other expenditures are not subject to the prohibition on corporate contributions and expenditures. 114.12(a).

The treasurer, however, remains liable for the committee's compliance with the federal campaign finance law. Liability for debts is generally governed by state law. See AO 1995-7 and opinions cited therein. See also *Karl Rove and Company v. Thornburgh*, 39 F.3d 1273 (5th Cir. 1994).

## CHAPTER 2

# Contributions and Other Sources of Funds

## 1. Types of Contributions

A contribution is defined as anything of value given for the purpose of influencing a federal election. 100.52(a). Contributions are subject to the limits and prohibitions of the Federal Election Campaign Act (the Act), as explained later in this chapter. The most common types of contributions are:

- Gifts of money;
- Gifts of goods and services (in-kind contributions);
- Loans (other than *bank* loans meeting certain conditions); and
- Guarantees or endorsements of bank loans.

### Gifts of Money

A contribution of more than \$100 must be made by check or other written instrument. 110.4(c). (See also page 14.)

### Proceeds from Sales

#### Sale of Fundraising Items and Tickets

The full purchase price of a fundraising item or ticket to a fundraising event is considered a contribution. For example, when a *person* buys a \$50 ticket to a fundraising dinner, the amount of the contribution is \$50, regardless of how much the meal costs the committee.

Note: A person who buys several tickets to a fundraiser makes a contribution in the amount of the total purchase unless the contribution is intended as a joint contribution (see page 14).

## Sale of Committee Assets

When a committee sells or leases an asset, the full amount received from the purchaser is generally considered a contribution to the committee unless:

- The asset was originally purchased or developed for the committee's own use (such as a mailing list) rather than as a fundraising item;
- The asset has an ascertainable market value; and
- The purchaser pays the usual and normal charge. (Any payment in excess of that amount is considered a contribution). See, for example, *Advisory Opinions* (AOs) 2003-19, 1992-40 and 1991-34.

In some cases, a party may lease mailing lists developed for its own use and not for lease to others without receiving a contribution. First, the list must have an ascertainable fair market value in the market where it is leased. Second, the list must be leased at the usual and normal charge in a bona fide, arm's length transaction, and the list must be used in a commercially reasonable manner consistent with such an arms-length agreement. See AO 2002-14.

## In-Kind Contributions

### Definition

In-kind contributions include:

- Goods and services offered free of charge;
- Goods and services offered at less than the *usual and normal charge* (unless the discount is offered in the ordinary course of business—see, for example, AO 1994-10);
- Payments, by a third party, of committee bills; and
- Advances of personal funds. 100.52(d) and 100.54.

### Value

The dollar value of an in-kind contribution is subject to limits. The value is determined as follows:

- Goods (such as equipment, supplies, facilities and mailing lists) are valued at their normal purchase or rental price.
- Services (such as advertising, printing and consulting) are valued at the prevailing commercial rate at the time the services are rendered.
- Discounts are valued at the difference between the usual or normal charge and the amount paid by the committee. 100.52(d).

## Advances of Personal Funds

### General Rule

When an individual uses his or her personal funds (or personal credit card) to pay for a committee expense, that payment is generally considered an in-kind contribution from that individual, even if he or she is later reimbursed by the committee.

116.5(b). For example, an in-kind contribution results if a committee staff member or volunteer pays for postage, office supplies or campaign materials with his or her personal funds. (The special reporting rules that apply to advances of personal funds are explained on page 73.)

### Travel Exceptions

When an individual uses personal funds to pay for his or her own travel expenses (transportation, food and lodging), the payments are not considered contributions if they fall under one of two exceptions:

- **Exempt Travel.** An individual may spend up to \$2,000 per calendar year on his or her own transportation expenses for party-related travel without making a contribution, and a volunteer may spend unlimited amounts for his or her normal subsistence expenses (food and lodging) while volunteering. 100.79 and 116.5(b)(1).
- **Reimbursed Travel.** When individuals pay for their own travel expenses, and the expenses are not covered under the travel/volunteer exemptions (above), the payments are not considered contributions if the committee reimburses them within certain time limits: 30 days after payment by cash or personal check; or 60 days after the closing date of the billing statement on which the charges first appear, if the amount was charged to a personal credit card. 116.5(b)(2).

See page 73 for more information on reporting travel expenses.

## Loans

A loan to a committee is a contribution to the extent that it remains outstanding. 100.52(b)(2). (Loans from banks are not contributions if they meet certain conditions; see page 14.)

Repayments made on a loan reduce the amount charged against the lender's contribution limit. However, a loan that exceeds the lender's limit is unlawful even if repaid in full.

## Endorsements and Guarantees of Bank Loans

An endorsement or guarantee of a bank loan is a contribution. The amount guaranteed counts against the endorser's or the guarantor's limit only to the extent that the loan remains outstanding. Repayments on the loan proportionally reduce the amount charged against each endorser's contribution limit.

If a loan agreement does not stipulate the amount for which each guarantor is liable, then the contribution of each guarantor is determined by dividing the amount of the loan by the number of guarantors. 100.52.(b)(3) and 100.82(a)-(d).

## 2. Prohibited Contributions

### Acceptance of Prohibited Contributions

A political committee is prohibited from knowingly accepting a contribution that violates the prohibitions on contributions. 110.20(g), 110.4(b)(1)(iv), 114.2(d) and 115.2(c). See also 110.9.

For information on how to handle possibly illegal contributions, see page 19.

For information on how to handle in-kind donations from corporations and labor organizations for mixed federal/nonfederal activities, see page 94.

## Corporations and Labor Organizations

The Act prohibits corporations and labor organizations from making contributions or expenditures in connection with federal elections.<sup>1</sup> 114.2(b). This prohibition applies to all types of incorporated organizations, except political committees that incorporate for liability purposes.<sup>2</sup> 114.12(a).

National banks and federally chartered corporations, such as federal savings and loan associations, are prohibited from making contributions in connection with state and local as well as federal elections.<sup>3</sup> 114.2(a).

### Contribution Reimbursements

A corporation or labor organization may not reimburse individuals who make contributions to a political committee, for example, through a bonus, expense account or other direct or indirect compensation. See 114.5(b)(1) and (c)(ii); see also 110.4(b).

### Extensions of Credit

An extension of credit to a political committee by an incorporated commercial vendor is a prohibited contribution unless the credit is extended in the ordinary course of business with terms substantially similar to those given to nonpolitical clients of similar risk. A prohibited contribution can also result if a corporate vendor extends credit for longer than the normal practice in the vendor's business or if the vendor fails to make a commercially reasonable effort to collect payment on the debt. 100.55 and 116.3(b) and (c).

<sup>1</sup> A corporation, labor organization or trade association may pay the expenses of setting up, administering and soliciting contributions for its own political committee, called a separate segregated fund (or PAC). 114.1(a)(2)(iii). A party committee may accept contributions from a corporate or labor PAC registered with the FEC.

<sup>2</sup> A narrow exception to the prohibition on corporate independent expenditures has been drawn for nonprofit corporations meeting certain conditions. For more information, see the *Campaign Guide for Corporations and Labor Organizations*.

<sup>3</sup> The prohibition does not generally apply to activities related to state ballot measures. See *First National Bank v. Bellotti*, 435 U.S. 765 (1978) and AO 1980-95.

Forgiveness or settlement of a debt owed by a political committee must comply with the debt settlement procedures explained on page 103.

### Discounts

If an incorporated commercial vendor sells goods or services to a committee at a price below the usual or normal charge, a prohibited contribution results in the amount of the discount. 100.52(d)(1). (There is, however, an exception for discounts offered by vendors of food and beverage; see page 22.) A reduced price is not considered a prohibited discount, however, if it is offered by the vendor in the ordinary course of business at the same amount charged to non-political clients. See, for example, AOs 2004-5, 1993-20 and 1992-24.

### Compensation for Services

If a corporation or labor organization pays for services rendered to a committee, a prohibited contribution results. 100.54.

A corporation or labor organization may, however, provide free legal and accounting services to a party committee; see page 20 for more information.

### Federal Government Contractors

Federal government contractors are prohibited from making contributions or expenditures in connection with federal elections. 115.2(a). For example, a contribution from a partnership with a government contract would be prohibited. 115.4. As another example, a contribution from the personal or business funds of an individual or a sole proprietor with a government contract would be prohibited. 115.5.

### Foreign Nationals

Foreign nationals are prohibited from making contributions, donations or expenditures in connection with any election—federal, state or local. 110.20. (See Appendix F for information on how this prohibition applies to state and local elections.) Also, foreign nationals may not donate to any party committee building fund or fund *electioneering communications*. 110.20.

The Act prohibits knowingly soliciting, accepting or receiving contributions or donations from foreign nationals. In this context, “knowingly” means that a person:

- Has actual knowledge that the funds solicited, accepted or received are from a foreign national;
- Is aware of facts that would lead a reasonable person to conclude that there is a substantial probability that the funds solicited, accepted or received are likely to be from a foreign national; or
- Is aware of facts that would lead a reasonable person to inquire whether the source of the funds solicited, accepted or received is a foreign national, but the person failed to conduct a reasonable inquiry. 11 CFR 110.20(a)(4) (i), (ii) and (iii). For examples of facts which may be pertinent, see 110.20(a)(5).

It is also unlawful to knowingly provide substantial assistance to foreign nationals making contributions or donations in connection with any U.S. election. 11 CFR 110.20(h). “Substantial assistance” refers to active involvement in the solicitation, making, receipt or acceptance of a foreign national contribution or donation with the intent of completing the transaction successfully. This prohibition includes, but is not limited to, individuals who act as conduits or intermediaries.

### Definition of Foreign National

The following entities are considered foreign nationals and are therefore subject to the prohibition: foreign governments; foreign political parties; foreign corporations; foreign associations; foreign partnerships; and individuals with foreign citizenship unless they have “green cards” indicating they have been lawfully admitted for permanent residence. 110.20(a).

### Safe Harbor Provision

In some cases, a committee may have questions regarding whether or not a contribution is from a foreign national. For example, the contributor may have a foreign address or bank. In this case, a committee has made reasonable assurances that the individual is not a foreign national if the committee obtains current and valid U. S. passport papers for the contributor. 110.20(a)(7).

The safe harbor cannot be relied on if the committee has actual knowledge the contribution is from a foreign national. 110.20(a)(7).

### **Domestic Subsidiaries of Foreign Corporations**

A political committee may accept contributions from the PAC (separate segregated fund) of a United States corporation that is a subsidiary of a foreign corporation as long as:

- The foreign parent does not finance the PAC's activities through the subsidiary; and
- No individual foreign national participates in the operation of the PAC (including the selection of persons to run the PAC) or makes any decisions regarding PAC contributions or expenditures. 110.20(i). See also AOs 1990-8, 1989-29 and 1989-20.

### **Contributions in the Name of Another**

Contributions made by one person in the name of another person are prohibited, and no one may help someone make such a contribution. 110.4(b).

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## **3. Limits on Contributions Received by the Committee**

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Political committees are prohibited from accepting contributions that violate the contribution limits. 110.9. For information on how to handle excessive contributions, see page 19.

### **State and Local Committees**

A state party committee may receive up to \$10,000 per calendar year from any person. 110.1(c)(5). As explained later in this chapter, this limit is shared with local party committees within the state unless a local committee can demonstrate its independence.

### **National Party Committees**

A national party committee may receive up to \$15,000 per calendar year from a multicanidate committee and \$25,000 per calendar year from non-multicanidate committees and individual contributors. 110.1(c)(1), 110.1(c)(3) and 110.2(c)(3).

### **Biennial Limit for Individuals**

In addition to the limits on individual contributions to a particular political committee, there is an overall biennial limit. During a two-year calendar year cycle, an individual may contribute a total of \$95,000 to all political committees combined.<sup>4</sup>

This amount may not go entirely to any one type of political committee. Only \$37,500 may be contributed to candidate committees. The remaining \$57,500 may be contributed to PACs and party committees, but only \$37,500 of that amount may go to state and local parties and PACs. The remaining \$20,000 is reserved for national party committees. 110.5(b).

### **Candidate Limit May Apply**

A contribution received by a party committee may count against the contributor's contribution limit for the candidate if:

- The contributor knows that a substantial portion of his or her contribution will be given to or spent on behalf of a particular candidate; or
- The contributor retains control over the funds after making the contribution (for example, the contributor earmarks the contribution for a particular candidate). 110.1(h) and 110.2(h). See also Chapter 6.

### **Contributions from Affiliated PACs**

Political action committees (PACs) that are affiliated with one another share the same set of contribution limits. For example, affiliated PACs may contribute a combined total of \$10,000 per year to a state party committee (and its local affiliates). 110.3(a).

### **Contributions from Spouses**

A husband and wife each have separate contribution limits, even if only one spouse has an income. 110.1(i). A couple may make a joint contribution (part of which would be attributed to each), as explained below.

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<sup>4</sup> Beginning in 2005, the biennial limit will be indexed to inflation.

## Joint Contributions

A joint contribution is a contribution that is made by more than one person using a single check or other written instrument. A joint contribution represents the personal funds of each donor, so each donor must sign either the check or an accompanying statement. 110.1(k)(1).

For the purposes of the contribution limits, a joint contribution is attributed equally to each donor, unless an accompanying statement indicates that the funds should be divided differently. 110.1(k)(2). See “Excessive Contributions: Reattributions,” page 19.

## Partnership Contributions

A contribution from a partnership counts against the partnership’s limit and also counts proportionally against the limits of each participating partner. 110.1(e). See Appendix C for more information.

## \$100 Limit on Cash Contributions

Contributions of currency from any one source are limited to \$100. A cash contribution in excess of that limit must be returned to the contributor. 110.4(c)(1) and (2).

## \$50 Limit on Anonymous Contributions

An anonymous contribution is limited to \$50. Any amount in excess of \$50 may not be used for federal election purposes. 110.4(c)(3).

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## 4. Affiliation and the Contribution Limits

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### State and Local Committees

#### General Rule

A state party committee and local party committees within that state are presumed to be affiliated. That is, all contributions received and made by local party committees count against the state committee’s limits. 110.3(b)(3).

This means that the state committee and local committees may receive a maximum of \$10,000 per calendar year from any one contributor. 110.1(c)(5). Similarly, the state committee and local committees together may not contribute more than \$5,000 per candidate, per election, assuming the state party committee has qualified as a *multicandidate committee* (see page 26). 110.2(b)(1).

To avoid exceeding the contribution limits, a state party committee should set up a centralized monitoring system to ensure that all contributions made and received by local party committees are within the limits. 103.3(b) and 110.9.

### Independent Local Committees

A local party committee may operate under its own separate set of contribution limits if the committee’s independence can be demonstrated. For more information, consult FEC rules at 110.3(b)(3). See also AO 1978–9 and AO 1999–4.

## National Party Committees

A national party committee operates under its own set of contribution limits. 110.3(b)(1)(i).

The Democratic and Republican parties each have three national party committees: a national committee, a House campaign committee and a Senate campaign committee. Each of these committees has a separate set of contribution limits, except for a special limit on contributions to Senate campaigns; see page 27. 110.2(e) and 110.3(b)(2)(i), (ii).

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## 5. Bank Loans and Overdrafts

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### Bank Loans

Unlike other loans, a loan or line of credit from a bank is not considered a contribution if the conditions set forth below are satisfied. If a loan fails to meet any of these conditions, it is considered a prohibited contribution from the lending institution.

### Conditions

A committee may obtain a loan or line of credit from a bank provided that the loan:

- Bears the bank's usual and customary interest rate for the category of loan involved;
- Is evidenced by a written instrument;
- Is subject to a due date or amortization schedule; and
- Is made on a basis which assures repayment. 100.82(a)-(d).

### Methods of Assuring Repayment

A loan is made on a basis which assures repayment if it is obtained using one or more of the following authorized methods of securing the loan:

#### Collateral.

A loan may be secured using assets of the committee, such as real estate, personal property, negotiable instruments and stocks. The fair market value of the assets pledged must, on the date of the loan, equal or exceed the amount of the loan and any senior liens. The committee must ensure that the bank has established a "perfected security interest" in the collateral (that is, taken steps to legally protect its interest in the collateral in the event that the committee defaults on the loan.) 100.82(e)(1).

#### Guarantees or Endorsements.

A loan may also be secured using guarantors or endorsers, who agree to repay the loan should the committee default. As previously stated, an endorsement or guarantee of a bank loan is considered a contribution by the endorser or guarantor and is therefore subject to the law's prohibitions and limits on contributions. 100.82(e)(1)(ii).

#### Pledge of Future Receipts.

A committee may pledge its future receipts as security for the loan; the amount of the loan must not exceed a reasonable estimate of anticipated receipts, based on documentation provided by the committee (such as cash flow charts or fundraising plans). Future receipts may include, for example, anticipated contributions or interest income. The loan agreement must require the committee to deposit the pledged funds into a separate account established for this purpose. If the account is established at a depository other than the lending institution, the committee must assign the account's funds to the lender and notify the depository of the assignment. 100.82(e)(2).

### Other Methods of Assuring Repayment

The Commission may, on a case-by-case basis, approve other methods of assuring repayment. 100.82(e)(3). A committee may want to request an advisory opinion from the Commission before entering into an alternative repayment agreement.

### Overdrafts

If a bank honors a check written by a committee with insufficient funds in its account, no contribution from the bank results as long as the overdraft:

- Is made on an account subject to automatic overdraft protection;
- Is subject to the usual and customary interest rate; and
- Is subject to a repayment schedule. 100.82(d). An overdraft that does not meet the above conditions is a prohibited contribution.

Overdraft protection secured through a line of credit is subject to the rules on bank loans.

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## 6. Interest and Dividends

A committee may earn interest and dividends on funds invested in, for example, a savings account, money market fund or certificate of deposit. Interest and dividends are not contributions.

### Disclosure of Bank on Statement of Organization

- Any *bank* where the committee deposits funds must be listed on the Statement of Organization (Form 1) or an amendment.
- Other institutions holding committee investments (such as stocks, bonds, mutual funds, etc.) are not disclosed on Form 1. Before disbursing such funds, however, the committee must transfer them to a checking account maintained at one of the committee's campaign depositories. 102.10 and 103.3(a). See also AOs 1998-8, 1997-6, 1986-18 and 1980-39.

### Taxes

A committee must generally pay taxes on interest and dividend income; see page 75 and Appendix F.

## 7. Other Sources of Funds

### Offsets to Operating Expenditures

Offsets to operating expenditures, such as returns of deposits, refunds and rebates, are not considered contributions. Rebates, however, must be offered in the ordinary course of business and on the same terms and conditions as those offered to nonpolitical entities. Otherwise, the rebate may be considered a contribution—a prohibited contribution if the vendor is a corporation. See, for example, AOs 1986-22 and 1985-28.

### Transfers from Other Party Committees

A party committee may receive unlimited transfers of permissible funds from other party committees and party organizations. A party organization making such transfers, however, may trigger federal registration. 102.6(a)(1)(ii), (iv) and (a)(2).

### Transfers of Excess Funds

A candidate committee may transfer unlimited campaign funds to a party committee or organization. 113.2(c). Any nonfederal law that would prohibit such a transfer to a party organization is preempted by federal law. AO 1993-8.

### Loan Repayments

If a committee makes a loan to another political committee or organization, the loan repayments received are not contributions but must be composed of permissible funds.

Any interest charged on the loan must also be paid with permissible funds. Interest payments are not considered contributions unless they exceed the prevailing interest rates. 100.52(b)(5).

(Remember that a loan to another political committee is subject to the contribution limits.)

### Ballot Access Payments

Fees paid to a party committee as a condition of ballot access are not contributions. This exemption covers ballot access fees paid by federal candidates as a requirement of state law and those paid to state and subordinate party committees by *delegates* and *delegate committees*. Such fees must be paid with permissible funds, except that individual delegates may use funds that are not

subject to the limits. 100.90 and 110.14(c)(1)(i) and (2). See Appendix D for information on delegate activity.

### Building Fund Donations

State, district and local party committees may accept unlimited funds donated specifically to defray the costs of constructing or purchasing a party office building (but not to influence any particular federal election). Building fund donations are not considered contributions and are not subject to any limits or prohibitions, other than the prohibition against donations from foreign nationals.<sup>5</sup> 100.84, 114.1 (a)(2)(ix) and 300.35. (This exemption does not apply to national party committees. 300.12(d).)

A party committee must deposit the donations in a nonfederal account, since they do not meet the requirements for deposit in a federal account (see page 3). 102.5(a)(2).

If nonfederal funds are used, they are subject to the limits and prohibitions of state law. State party committees may need to report such activity under state law. AOs 1993-9 and 1991-5.

Note that this exemption does not apply to funds used to pay rent, operating costs, property taxes or other administrative expenses of a party office building. (See AOs cited above. See also AOs 2001-12 and 2001-01.)

### Leasing a Portion of the Office Building

A state or local party committee may lease a portion of its office building at the normal charge. If the building is purchased or constructed with any nonfederal funds, all rental income is nonfederal funds. If the building is purchased or constructed solely with federal funds, the income may be deposited in the federal account. 300.35(c).

## 8. State Tax Checkoff Funds and Other State Proceeds

State and local party committees in some states may receive funds derived from state tax check-offs or fees paid for a state service (e.g., fees for personalized license plates). This section explains when these funds may be deposited in a *federal account* and, if so, when they are considered *contributions* rather than miscellaneous receipts.

## Deposit in Federal Account

As a general rule, if the funds in question are from permissible sources (e.g., individuals) rather than from persons prohibited from making contributions under federal law (e.g., corporations, labor organizations, foreign nationals), the funds may be deposited into a *federal account*. For example, in several advisory opinions, the Commission concluded that proceeds from state income tax checkoff programs (whereby individual taxpayers designate funds for political parties) and fees for personalized license plates were *permissible funds* and could therefore be deposited into a federal account. AOs 1993-21 (Ohio checkoff),<sup>5</sup> 1991-14 (Kentucky checkoff), 1983-15 (Virginia checkoff), 1982-17 (Indiana license plate fees), 1980-103 (North Carolina checkoff) and 1978-9 (Iowa checkoff).

In another opinion, AO 1988-33, a state party committee was allowed to deposit into its federal account ballot fees and party assessments paid to the state of Florida by federal candidates. However, because state law allowed nonfederal candidates to accept funds that would be considered prohibited or excessive under federal law, fees and assessments from nonfederal candidates could not be deposited into the federal account.

## Treatment as Contributions

In the above cited advisory opinions, checkoff funds that did not increase the taxpayer's liability or decrease his or her refund were not considered contributions. Nor were the personalized license plate fees. In these situations, the funds were considered miscellaneous receipts (reportable as "other receipts"—see page 67).

However, in AO 1983-15 (Virginia checkoff), the checkoff funds represented taxpayer refunds. Under those circumstances—where the money would otherwise be refunded to the taxpayer—the funds were considered contributions if deposited into a federal account. Because the amount of each contribution was only \$2 per taxpayer, the contributions were reportable as unitemized contributions from individuals (see page 66).

<sup>5</sup> AO 1993-21 also determined that federal law preempted an Ohio law barring the party committee from depositing checkoff proceeds into an allocation account.

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## CHAPTER 3 Fundraising Procedures

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### 1. Solicitation Notices

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#### Federal Election Purpose

Solicitations must inform solicitees that their contributions will be used in connection with federal elections or that they are subject to the limits and prohibitions of the Federal Election Campaign Act. 102.5(a)(2)(ii) and (iii).

#### Disclaimer Notice

Solicitations for the party committee must include a disclaimer stating who has paid for the communication and must contain the following information:

If the communication is authorized by a candidate, candidate's committee or agent of either entity, but paid for by any other person: The disclaimer must state the communication is paid for by the third party and is authorized by the candidate, authorized committee, or agent. Example: "Paid for by XYZ State Party Committee and authorized by Joe Smith for Congress." 110.11 (b)(2).

If the communication is not authorized by a candidate, authorized committee, or agent of either, the disclaimer must include who paid for the communication, the permanent street address, telephone number or web site address of the person paying for the communication and whether the communication was authorized by any candidate. 110.11 (b). Example: "Paid for by the XYZ State Party Committee (www.XYZ.org) and not authorized by any federal candidate." 110.11 (b)(3).

For additional information concerning disclaimers, see page 48 or consult the FEC's brochure "Special Notices on Political Ads and Solicitations."

## “Best Efforts” Notice

Party committees and their treasurers must make “best efforts” to obtain, maintain and report the name, address, occupation and employer of each contributor who gives more than \$200 in a calendar year. 102.9(d). In order to show that the committee has made “best efforts,” solicitations must specifically request that information and inform contributors that the committee is required by law to undertake best efforts to report it. 104.7(b)(1). For details, see “Treasurer’s Best Efforts,” page 52.

## IRS Notice

Section 6113 of the Internal Revenue Code requires political committees whose gross annual receipts normally exceed \$100,000 to include a special notice on solicitations informing solicitees that their contributions are not tax deductible. There are substantial penalties for failure to comply with this provision. Contact the IRS for more information (see Appendix F).

## FCC Notice

Check with the Federal Communications Commission for information on required notices for political ads aired on radio or television (see Appendix F).

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## 2. Forwarding Contributions

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### Time Limits

Any person who receives contributions for a party committee must forward the contributions, together with certain information about the contributors (see Chapter 6), to the committee treasurer within the following time periods:

- **Contributions of \$50 or less**—within 30 days after receiving the funds.
- **Contributions of more than \$50**—within 10 days after receiving the funds. 102.8(b).<sup>1</sup>

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<sup>1</sup> The receipt of a contribution by an authorized agent (that is, a person authorized by the treasurer to receive contributions and make expenditures for the committee – 102.9) is the equivalent of the treasurer’s receipt and triggers the 10-day deposit period at 103.3(a). AO 1992-29.

## No Commingling with Personal Funds

Contributions and other committee receipts must not be deposited in a personal account or otherwise commingled with personal funds. 102.15.

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## 3. Treasurer’s Receipt

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### Deposit or Return Contributions Within 10 Days

Within 10 days of receipt by the treasurer, a contribution or other *receipt* must be deposited in the committee’s *campaign depository* or returned to the source (see footnote 1). 103.3(a).

### Determining Legality

All contributions must be examined to make sure they are neither prohibited nor excessive. (This is the treasurer’s responsibility.) In order to determine whether a contribution exceeds the contributor’s limit, the contribution must be aggregated with any others made by the contributor to the committee or its affiliates during the calendar year. 103.3(b).

Contributions of questionable legality must be handled as described below.

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## 4. Prohibited Fundraising Activity

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### 501(c) and 527 Organizations

Party committees may not solicit funds for - or make or direct any contributions or donations to - the following organizations:

- 501(c) tax-exempt organizations that make expenditures or disbursements in connection with a federal election or for federal election activity. This prohibition applies even if the organization has only applied for tax-exempt status. 300.11(a)(1) and (2); 300.50(a)(1) and (2); and 300.51(a)(1) and (2); or
- 527 organizations that are not 1) political committees, 2) state or local party committees, 3) authorized campaign committees of a state or local candidate or 4) political committees organized under state law that support only state and local candidates, and do not make any expenditures or disbursements in

connection with a federal election, including federal election activity (FEA). See chapter 8. 300.11 (a)(3); 300.37(a)(3); 300.50(a)(3); and 300.51 (a)(3).

## Certification of 501(c) and 527 Organizations

When determining whether a 501 (c) or 527 organization participates in FEA, the party committee may rely on a certification by the organization. 300.11 (c) and (d); 300.37(c) and (d); 300.50(c) and (d); and 300.51 (c) and (d). For more on the certification requirements, see page 31.

## Federal Candidates and Nonfederal Fundraising

Federal candidates and officeholders may not raise funds for federal elections, including funds for FEA, outside the limits, prohibitions and reporting requirements of federal law. In addition, federal candidates/officeholders may raise funds in connection with nonfederal elections only in amounts and from sources that are consistent with state law and with the limits and prohibitions of the Act. Therefore, candidates may not help to raise nonfederal funds for state, district and local party committees. 300.61 and 300.62.

### Exception for Fundraising Appearances

A federal candidate or officeholder may attend, speak at or be the featured guest at a state, district or local party committee fundraiser. Under these circumstances, the candidate may speak at the event without restriction or regulation, even if nonfederal funds are being raised. 300.64.

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## 5. Handling Illegal Contributions

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### Depositing Questionable Contributions

Within 10 days of receiving a contribution that appears to be excessive or prohibited, the committee treasurer must either return the contribution or deposit it. 103.3(a).

If it is deposited, the treasurer must:

- Keep enough money in the committee's account to cover the potential refund or establish a separate account for such contributions.
- Keep a record explaining why the contribution may be illegal and include this explanation on Schedule A if the contribution has to be itemized before its legality is established.
- In the case of an excessive contribution, obtain a redesignation or reattribution of the excessive portion or refund it to the contributor (see below).
- In the case of a possibly prohibited contribution, confirm its legality or refund it (see below). 103.3(b)(1), (3), (4) and (5).

### Excessive Contributions: Reattributions

In order to correct an excessive contribution, a treasurer may reattribute the excessive portion to another contributor, according to the steps described below. 110.1 (k)(3).

When an excessive contribution is made via a written instrument with more than one individual's name imprinted on it, but only has *one* signature, the permissible portion is attributed to the signer and the excessive portion may be reattributed among the individuals whose names are imprinted on the written instrument, without obtaining a second signature, so long as the reattribution does not cause any contributor to exceed any other contribution limit ("presumptive attribution"). 11 CFR 110.1(k)(3)(ii)(B)(1).

Political committees making a "presumptive reattribution" must notify all contributors in writing or via e-mail within 60 days of the committee treasurer's receipt of the check. At the time of notification, the committee must offer the contributor who signed the check a refund of the excessive portion. 11 CFR 110.1(k)(3)(ii)(B)(2) and (3).

### Example of Presumptive Attribution

A committee receives a \$11,000 check that is drawn on a joint account but signed by only one account holder. The treasurer deposits the check and attributes \$10,000 to the signer and \$1,000 to the other account holder. Within 60 days of receiving the original contribution, the treasurer sends a letter informing the contributors of the reattribution and of their right to a refund. Assuming neither contributor objects, the committee may now keep the full \$11,000.

If the written instrument does not have more than one name imprinted on it, the treasurer may ask the contributor whether the contribution was intended to be a joint contribution from more than one person. The treasurer must inform the contributor that he or she may instead request a refund of the excessive portion. 110.1(k)(3)(ii)(A). The treasurer should also inform donors that a reattribution must be signed by each participating contributor.

## Receive Reattribution or Make Refund

Within 60 days of receiving the original contribution, the treasurer must receive a proper attribution or refund the excessive portion. 103.3(b)(3) and 110.1(k)(3)(ii)(A)(2).

## Prohibited Contributions

### Questionable Source

If a committee treasurer deposits a contribution that appears to come from a prohibited source, he or she has 30 days from the date of the contribution's receipt to:

- Confirm the legality of the contribution; or
- Refund the contribution. 103.3(b)(1).

As evidence of legality, the treasurer should obtain a written statement from the contributor explaining why the contribution is legal. Alternatively, the treasurer may obtain an oral explanation by telephone and keep a record of the conversation. 103.3(b)(1).

### Late Discovery Of Prohibited Contribution

If a treasurer discovers that a previously deposited contribution came from a prohibited source, he or she must refund the contribution within 30 days of making the discovery. This situation might arise, for example, if the treasurer learned that a past contribution was made by a foreign national.

If the committee does not have sufficient funds to refund the contribution when the illegality is discovered, the treasurer must use the next funds the committee receives. 103.3(b)(2).

## 6. Joint Fundraising Procedures

Party committees may engage in joint fundraising with other political committees and organizations. See Appendix B.

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## CHAPTER 4 Other Committee Resources

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In addition to receiving contributions and other funds (see Chapter 2), party committees may receive goods and services without any contribution resulting. In many cases, no reporting is required.

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### 1. Legal and Accounting Services

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A party committee may receive, without limit, free legal and accounting services as long as:

- The services do not directly further the election of a specific federal candidate;
- The person paying for the service is the regular employer of the individual performing the service;
- The employer does not hire additional employees to free regular employees to perform the service; and
- The committee reports the value of the service (the amount paid by the employer), as well as the name of each person who performed the service and the date the service was provided. 100.85, 104.3(h) and 114.1(a)(2)(vi).

If an individual personally volunteers legal or accounting services without compensation, the above restrictions do not apply. See "Personal Services," below.

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### 2. Volunteer Activity

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#### Personal Services

An individual may volunteer uncompensated personal services to a party committee without making a contribution. 100.74. Volunteer activity is not reportable.

Note, however, that if volunteers are, in fact, paid for their services by someone other than the party committee, the activity is no longer considered volunteering, and the payments result in in-kind contributions to the party committee. 100.54. Generally, if an individual provides services to a party committee during paid working

hours, the employer makes a contribution to the committee. However, legal and accounting services, if they meet the conditions described in the above section, are an exception to this rule. For further exceptions, see 100.54(a)-(c).

## Volunteer's Living expenses

While volunteering, an individual may pay for normal subsistence expenses (meals and lodging) without making a contribution. These payments are not reportable. 100.79(b).

## Activities in Home, Church, Community Room

Individuals, in the course of volunteering personal services, may use their homes—or the recreation room of the apartment complex where they live—for activities to support a party committee without making a contribution. Or volunteers may use a church or community room for party-support activities as long as the facility is regularly used for noncommercial purposes by members of the community, without regard to political affiliation. (A nominal fee paid by the individual for the use of a recreation or community room is not a contribution and is not reportable.) 100.75 and 100.76.

For more information on political activity by religious organizations, contact the IRS tax exempt organizations division. See Appendix F.

## Food, Drink, Invitations at Home Event

Individuals may volunteer to hold fundraising receptions or other types of party-support activities in their homes or in churches or community rooms. An individual may purchase food, beverages and invitations for the event without making a contribution as long as such spending does not exceed \$2,000 per calendar year on behalf of all political committees of the same party. (A husband and wife may together spend up to \$4,000 per year.) Any amount spent in excess of \$2,000 per person, however, must be reported by the party committee as an in-kind contribution. (Otherwise, the activity is not reportable.) 100.77

Note that any expenses paid by a nonresident co-host of an activity are considered in-kind contributions to the party committee benefiting from the event. Advisory Opinion (AO) 1980-63.

## Corporate/Labor Volunteers

An employee, stockholder or member of a corporation or labor organization may make occasional, isolated or incidental use of the organization's facilities for volunteer work on behalf of a party committee (or candidate), subject to the rules and practices of the organization. However, the volunteer may have to reimburse the corporation or labor organization. 114.9(a)(1) and (b)(1). The rules for this type of volunteer activity are discussed under "Use of Facilities by Employees, Stockholders and Members," page 24.

## 3. Transportation Expenses

### Unreimbursed Travel Expenses

The rules described below apply only to an individual's payments for his or her own travel expenses; if an individual uses *personal funds* to pay the travel expenses of another, an in-kind contribution results.

#### \$2,000 Transportation Exemption

An individual working for a party committee (including a paid staff member or a volunteer) may voluntarily spend up to \$2,000 for unreimbursed transportation expenses on behalf of all political committees of the same party without making a contribution. Payments for transportation expenses that exceed \$2,000 per year, however, are considered contributions—unless they are reimbursed by the party committee in a timely manner (see below). 100.79.

#### Volunteer's Exemption for Meals and Lodging

A committee volunteer may spend unlimited amounts for his or her own meals and lodging without making a contribution, as long as the expenses are incidental to volunteer activity. 100.79.

### Reimbursed Travel Expenses

When an individual working on behalf of the party committee pays transportation and subsistence expenses while traveling, no contribution will result if the committee reimburses the individual within the following time limits:

- If the expense was paid with cash or a personal check, within 30 days from the date the expense was incurred.

- If the expense was paid with a credit card, within 60 days of the closing date on the credit card billing statement where the charge first appears. Outside of these time limits, the payments are in-kind contributions. 116.5(b). See “Reporting Advances of Staff Funds” on page 73 for reporting rules.

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## 4. Vendor Discounts

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A vendor of food or beverages (even if incorporated) may sell food and beverages to a party committee at a discount. The amount charged must at least equal the vendor’s cost for the items. If the value of the discount—the difference between the normal charge and the amount paid by the committee—does not exceed \$2,000 per calendar year on behalf of all the committees of one political party, the discount is not considered a contribution. Discounts exceeding \$2,000, however, must be reported as in-kind contributions by the party committee. A corporate vendor may not exceed the discount limit since corporate contributions are prohibited. 100.78 and 114.1(a)(2)(v).

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## 5. Corporate / Labor Communications

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As previously explained, corporations and labor organizations are prohibited from using their treasury funds to make contributions or expenditures in connection with federal elections.<sup>1</sup> However, subject to the restrictions described in this section, corporations and labor organizations are permitted to:

- Make election-related communications to their restricted class and the general public;
  - Conduct voter drives aimed at their restricted class and the general public; and
  - Allow candidates and party representatives to make campaign appearances at meetings or other functions of the organization.
- For more information on corporate and labor organization activity in connection with federal elections, see the *Campaign Guide for Corporations and Labor Organizations*.

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<sup>1</sup> There is a limited exception to this general rule. Certain nonprofit corporations may finance independent expenditures and electioneering communications if the corporation meets the criteria in FEC rules. 114.10. For more information, see the *Campaign Guide for Corporations and Labor Organizations*.

## Restricted Class Communications vs. Public Communications

When communicating with its restricted class, a corporation or labor organization may expressly advocate the election or defeat of clearly identified candidates and promote support for a particular political party. 114.1(a)(2)(i) and 114.3(c). The restricted class is generally composed of the organization’s executive and administrative personnel, noncorporate members, stockholders and the families of each group. 114.1(j).

A corporation or labor organization may also make election-related communications to the general public. However, these communications may not contain express advocacy, be electioneering communications or be coordinated with the candidate,<sup>2</sup> and they are subject to further restrictions. FEC regulations list several types of permissible communications along with their restrictions.<sup>3</sup> 114.4.

## Registration and GOTV Activity

Subject to certain restrictions, a corporation or labor organization may conduct voter registration and get-out-the-vote drives. Voter drives directed to the restricted class are subject to fewer restrictions than those directed to the general public, as explained below.

### Registration and GOTV Drives for Restricted Class

A corporation or labor organization may conduct voter registration and get-out-the-vote drives urging its restricted class to register with a particular party or to vote for particular candidates. Such a drive may include not only communications to the restricted class, but also transportation to the polls and other assistance. However, voter information and assistance may not be withheld on the basis of political preference. 114.3(c)(4).

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<sup>2</sup> As an exception, a corporation or labor organization may publicize its endorsement of a candidate through a press release and press conference as long as the disbursements are minimal. 114.4(c)(6).

<sup>3</sup> The types of communications are: voting records, voter guides and the registration and voting communications that are listed below. A corporation or labor organization may also donate funds for candidate debates sponsored by nonprofit corporations qualified to stage debates. 114.4(f)(3); see also 110.13.

## **Registration and GOTV Communications / Voting Information for General Public**

A corporation or labor organization may support or conduct voter registration and get-out-the-vote drives aimed at the general public, but any communications that are part of the drive may not expressly advocate the election or defeat of a clearly identified candidate (or candidates of a clearly identified party), and the drive may not be coordinated with any candidate or party. For further restrictions, consult 114.4(d).

### **Voting Advertisements**

A corporation or labor organization may pay for billboards, posters, television and radio ads and similar communications urging the general public to register or to vote provided the communications do not expressly advocate the election or defeat of any candidate (or candidates of a particular party). The preparation and distribution of registration and get-out-the-vote communications may not be coordinated with any candidate or party. Any such coordination will convert the activity into a prohibited in-kind contribution. 114.4(c)(2).

### **Voter Information Prepared by Election Officials**

A corporation or labor organization may distribute (or reprint and distribute) to the general public officially prepared registration and voting information, such as instructional materials, registration-by-mail forms and absentee ballots. (The organization may also donate funds to state or local government agencies to help defray printing and distribution costs.) When distributing the material, the organization may not expressly advocate the election or defeat of a clearly identified candidate or candidates of a clearly identified party or encourage registration with any particular party. Any coordination with a candidate or party will convert the activity into a prohibited in-kind contribution. 114.4(c)(3).

## **Appearances by Party Representatives and Candidates**

Representatives of a political party, and candidates and their representatives, may promote their party or candidacy at a meeting, convention or other event sponsored by a corporation or labor organization. Different rules govern this activity depending on whether the audience includes the restricted class only or whether it includes all of the organization's employees.

## **Appearance Before Restricted Class**

In this type of appearance, the audience is limited to the organization's restricted class and to employees necessary to administer the event, guests being honored or participating in the event and members of the news media.<sup>4</sup> The corporation or labor organization may express support for the party or candidate and suggest that audience members make contributions to the candidate or party. However, only the party or candidate representative may collect contributions. 114.3(c)(2).

## **Appearances Before Restricted Class and Employees**

In this second type of appearance, the audience may be expanded to include all of the organization's employees and their families as well as guests being honored or participating in the event and members of the news media. The party or candidate representative may solicit contributions or ask that contributions be designated for the candidate or party through the organization's separate segregated fund. The speaker may also leave campaign materials or return envelopes for members of the audience. However, no contributions may be collected at the event.

Further restrictions apply to the sponsoring corporation or labor organization. The organization—and its officials, employees, members and separate segregated fund—may not solicit contributions or expressly advocate the election or defeat of any candidate in conjunction with the event; nor may they encourage audience members to do so.

The organization must, if requested, provide the same opportunity to appear before the restricted class to representatives of other political parties or, in the case of a candidate speaker, to other candidates running for the same seat. No candidate or party representative may be favored with more time or a better location than other candidates or parties unless the organization can prove that it would be impracticable to provide similar times or locations. 114.4(b).

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<sup>4</sup> With respect to media access, candidates for the same office (and representatives of separate parties) must be treated similarly. If the organization allows news coverage for one candidate or party, it must allow media coverage for appearances by other candidates for the same office (or by other parties). The organization must also provide equal access to all representatives of the news media. 114.3(c)(2)(iv) and 114.4(b)(1)(viii).

## 6. Use of Corporate/Labor Facilities and Resources

When making use of the facilities and resources of a corporation or labor organization, party committees—and individuals acting on their behalf—must be sure to make required reimbursements and advance payments according to the guidelines below. Otherwise, the activity results in a prohibited in-kind contribution from the corporation or labor union to the party committee.

Note also that when someone pays for a party committee's use of corporate/labor facilities, the payment is considered a reportable in-kind contribution to the party committee.

### Use of Facilities by Employees, Stockholders and Members as Volunteers

When an employee, stockholder or member of a corporation or labor organization uses the organization's facilities for volunteer work in connection with federal elections—for example, by using an office phone for political work—the volunteer may need to reimburse the organization for the use of the facilities.

#### No Reimbursement Required

If the volunteer activity is limited to “incidental use” of the facilities—one hour a week or four hours a month—the volunteer does not have to reimburse the organization other than for increased overhead or operating costs (e.g., long-distance telephone charges). 114.9(a)(1) and (b)(1). (Exception: see “Use of Facilities to Reproduce Materials,” below).

#### Reimbursement Required

When use of the facilities exceeds “incidental use,” the volunteer must reimburse the organization the usual and normal charge within a commercially reasonable time. 114.9(a)(2) and (b)(2).

## Use of Facilities by Others

### General Rule

If a person other than an employee, stockholder or member uses the facilities of a corporation or labor organization in connection with federal elections, the user must reimburse the organization within a commercially reasonable time and at the usual and normal charge. Facilities used for these purposes might include office space, telephones, computers and furniture. 114.9(d).

### Meeting Rooms

Meeting rooms are treated the same as other facilities (e.g., reimbursement at the usual and normal charge within a commercially reasonable time) unless the corporation or labor organization customarily makes its meeting rooms available to clubs, civic organizations or other groups. In that case, the organization may make the rooms available to political committees on the same terms given to other groups (including free use of the facilities). The rooms must also be made available to any other candidates or political committees, upon request, on the same terms. 114.13.

### Use of Facilities to Reproduce Materials

If anyone—including an employee, stockholder or member—uses the facilities of a corporation or labor organization to produce materials in connection with federal elections, the individual must reimburse the organization within a commercially reasonable time at the usual and normal charge for producing such materials. 114.9(c).

### Use of Personnel, Food Services and Certain Mailing Lists

A corporation or labor organization is prohibited from conducting fundraising activity in connection with federal elections (other than for the organization's own separate segregated fund). It may, however, allow its personnel, food services and certain mailing lists to be used for fundraising purposes if it receives payment in advance

at the fair market value of the goods or services. 114.2(f)(1) and (2). Specifically, advance payment is required for:

- The use of corporate or labor personnel directed to carry out fundraising activities as part of their job (though employees may not be coerced into providing on-the-job fundraising services if they do not wish to perform them);
- The use of catering or other food services provided by a corporation or labor organization; and
- The use of an organization's list of clients, customers, vendors or other persons outside the restricted class for purposes of soliciting contributions or distributing invitations.

114.2(f)(2)(i)(A), (C) and (E).

However, if a corporation is providing the services (such as catering or personnel services) in its ordinary course of business as a commercial vendor, payment does not have to be made in advance as long as: (1) the payment is at the usual and normal charge; and (2) the payment schedule conforms to normal business practice. Otherwise a prohibited contribution results. 100.52(d)(1) and (2); 114.2(f)(1); 116.3; see also, for example, AOs 1994-33 and 1991-18.

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## CHAPTER 5

# Contributions to Candidates and Committees

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### 1. Overview

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Contributions to influence federal elections are subject to the limits (and prohibitions) of the Federal Election Campaign Act. A contribution that exceeds the limits is a violation of the Act. 110.9.

### Types of Contributions

The contributions made by a political committee commonly take the form of:

- Gifts of money, including the full purchase price of fundraising items or tickets to fundraisers;
- *In-kind contributions* (gifts of goods or services);
- Loans (other than bank loans); and
- Guarantees and endorsements of bank loans.

See Chapter 5 for more details.

### Affiliation

Party committees within one state are generally subject to the state party's limits on contributions received and *made* (see page 14).

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## 2. Contributions to Candidates

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### Limits on Contributions to Candidates

As a general rule, the limits on contributions to federal candidates and candidate committees apply separately to each election in which a candidate participates—primary, runoff or general.

**\$2,000 Per Election<sup>1</sup>**

A committee may contribute up to \$2,000 to a candidate, per election, unless it has qualified as a multicandidate committee. 110.1(b)(1).

**\$5,000 Per Election:  
Multicandidate Status**

A multicandidate committee may contribute up to \$5,000 per candidate, per election (see below). 110.2(b)(1).

**National Committee's  
\$35,000 Limit for Senate  
Candidates<sup>1</sup>**

A national party committee is entitled to contribute up to \$35,000 to a U.S. Senate candidate. Unlike the per-election limits, this limit applies to contributions made during the entire campaign period (the primary and general elections). The Democratic and Republican national committees share this limit with their parties' national Senate campaign committees. 110.2(e).

**Multicandidate  
Status**

**Qualification Criteria**

To qualify as a multicandidate committee—with its higher per-candidate contribution limit—a political committee must:

- Be registered as a political committee for at least six months;
- Receive contributions (of any amount) from at least 51 contributors; and
- Make contributions (of any amount) to at least five federal candidates. 100.5(e)(3).

There is no time limit for satisfying criteria two and three.

A state party committee need satisfy only the first two criteria in order to qualify as a multicandidate committee.

**Multicandidate Status (Form 1M)**

**NOTIFICATION OF MULTICANDIDATE STATUS**  
(See reverse side for instructions)  
 This form should be filed after the Committee qualifies as a multicandidate committee.

1. (a) NAME OF COMMITTEE IN FULL  
 Local Freedom Party

(b) Number and Street Address  
 111 Grassroots St.

(c) City, State and ZIP Code  
 Flatpoint, ST 00000

2. FEC IDENTIFICATION NUMBER  
 C00300002

3. TYPE OF COMMITTEE (check one)  
 STATE PARTY  
 OTHER

I certify that one of the following situations is correct (complete line 4 or 5):

4. STATUS BY AFFILIATION: The committee submitted its Statement of Organization (FEC FORM 1) on 04/05/2004 and simultaneously qualified as a multicandidate committee through its affiliation with:  
 Committee Name: Freedom Party State Committee  
 FEC Identification Number: C00300001

5. STATUS BY QUALIFICATION:

(a) Candidates: The committee has made contributions to the five (5) federal candidates listed below (ONLY State party committees may leave this blank):

	Name	Office Sought	State/District	Date
(i)				
(ii)				
(iii)				
(iv)				
(v)				

(b) Contributors: The committee received a contribution from its 51st contributor on: \_\_\_\_\_.

(c) Registration: The committee has been registered for at least 6 months. FEC FORM 1 was submitted on: \_\_\_\_\_.

(d) Qualification: The committee met the above requirements on: \_\_\_\_\_.

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

TYPE OR PRINT NAME OF TREASURER: Larry Halladay SIGNATURE OF TREASURER: *Larry Halladay* DATE: 04/05/2004

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.

For further information contact:  
 Federal Election Commission, Washington, DC 20463  
 Toll-free 800-424-9530  
 Local 202-694-1100

FEC FORM 1M  
 (Revised 1/2001)

**Qualifying by Affiliation**

A party committee that is affiliated with a qualified multicandidate committee is automatically entitled to share that committee's \$5,000 per candidate, per election, contribution limit (since affiliated committees share the same limits on contributions received and made). AOs 1983-19 and 1980-40. For example, a newly registered local party committee automatically qualifies as a multicandidate committee if the state party committee has already achieved multicandidate status. The local committee should file Form 1M along with its Statement of Organization (Form 1).

<sup>1</sup> Beginning in 2005, this figure will be indexed for inflation.

## Contribution Limits

Donors	Recipients				Special Limits
	Candidate Committee	PAC <sup>1</sup>	State, District and Local Party Committee <sup>2</sup>	National Party Committee <sup>3</sup>	
<b>Individual</b>	\$2,000* per election <sup>4</sup>	\$5,000 per year	\$10,000 per year combined limit	\$25,000* per year	Biennial limit of \$95,000* (\$37,500 to all candidates and \$57,500 <sup>5</sup> to all PACs and parties)
<b>State, District and Local Party Committee</b>	\$5,000 per election combined limit	\$5,000 per year combined limit	Unlimited transfers to other party committees		
<b>National Party Committee</b>	\$5,000 per election	\$5,000 per year	Unlimited transfers to other party committees		\$35,000* to Senate candidate per campaign <sup>6</sup>
<b>PAC Multicandidate<sup>7</sup></b>	\$5,000 per election	\$5,000 per year	\$5,000 per year combined limit	\$15,000 per year	
<b>PAC Not Multicandidate</b>	\$2,000* per election	\$5,000 per year	\$10,000 per year combined limit	\$25,000* per year	

\* These limits will be indexed for inflation.

<sup>1</sup> These limits apply both to separate segregated funds (SSFs) and political action committees (PACs). Affiliated committees share the same set of limits on contributions made and received.

<sup>2</sup> A state party committee shares its limits with local and district party committees in that state unless a local or district committee's independence can be demonstrated. These limits apply to multicandidate committees only.

<sup>3</sup> A party's national committee, Senate campaign committee and House campaign committee are each considered national party committees, and each have separate limits, except with respect to Senate candidates—see Special Limits column.

<sup>4</sup> Each of the following is considered a separate election with a separate limit: primary election, caucus or convention with the authority to nominate, general election, runoff election and special election.

<sup>5</sup> No more than \$37,500 of this amount may be contributed to state and local parties and PACs.

<sup>6</sup> This limit is shared by the national committee and the Senate campaign committee.

<sup>7</sup> A multicandidate committee is a political committee that has been registered for at least six months, has received contributions from more than 50 contributors and—with the exception of a state party committee—has made contributions to at least five federal candidates.

## Multicandidate Status Notification: FEC

### Form 1M

Once a committee qualifies as a multicandidate committee, it must certify its status by filing Form 1M within 10 days.<sup>2</sup> 102.2(a)(3).

Each affiliated committee must file its own Form 1M.

## Multicandidate Status Notification: FEC

### Form 3X

A committee must also indicate that it has qualified as a multicandidate committee on Form 3X (see page 82).

## Written Notice to Recipient Candidates

When making contributions, a multicandidate committee must give written notice of its qualified status as a multicandidate committee to recipient candidate committees. 110.2(a)(2). For convenience, committees may choose to print the statement on their checks, letterhead or other appropriate materials.

## In-Kind Contributions

### Value

The amount of an in-kind contribution counts against the contribution limits in the same way as a gift of money. 100.52(d). (See page 10 for information on valuation of in-kind contributions.)

The donor committee needs to notify the recipient candidate committee of the amount of an in-kind contribution. The recipient needs this information in order to monitor the donor's aggregate contributions and to report the correct amount.

### Allocation Among Candidates<sup>3</sup>

When an in-kind contribution is made on behalf of more than one candidate, the amount must be allocated among the candidates in proportion to the relative benefit each is expected to receive. The allocated amount to each candidate is the amount of the committee's contribution.

In the case of a fundraiser held on behalf of several candidates, the portion of the costs allocated as an in-kind contribution to a particular candidate is based on the ratio of the funds received for that candidate to total funds received for all candidates.

Similarly, in the case of a publication or broadcast supporting several candidates, the allocation is based on the ratio of space or time devoted to each candidate to total space or time for all candidates. 104.10(a); 106.1(a) and (b).

Note that expenses for opinion polls are subject to the allocation rules at 106.4. For more on allocation, see chapter 13.

## Earmarked Contributions

A party committee may receive *earmarked contributions*, that is, contributions that the contributor directs be given to a specific candidate. The contribution does not count against the party committee's limit for the candidate unless it exercises direction or control over the contributor's choice of candidate. 110.6(d).

Chapter 6 explains the rules for transmitting and reporting earmarked contributions.

## Supporting Nonfederal Candidates

Contributions to nonfederal candidates are subject to relevant state and local law. See page 122.

## 3. How the Candidate Limits Work

### House and Senate Candidates

As explained earlier, the limits on contributions to U.S. House and Senate candidates apply separately to each election in which a candidate participates. In House and Senate races, each primary election, general election and runoff is considered a separate election with a separate limit. A special election—which may be a primary, general or runoff—also counts as a separate election for the purposes of the contribution limits. 100.2, 110.1(j)(1) and 110.2(i)(1).

<sup>2</sup> Committees that notified the FEC of their multicandidate status on Form 3X prior to January 1, 1994, do not have to file Form 1M.

<sup>3</sup> These allocation rules also apply to coordinated party expenditures and exempt party activities.

### Party Caucus or Convention

A party caucus or convention constitutes a separate election only if it has the authority under state law to select a nominee for federal office (e.g., Utah and Connecticut). Otherwise, there is no separate limit for a caucus or convention; it is considered part of the primary election. 100.2(e). See also, for example, AOs 2004-20, 1992-25, 1986-17 and 1982-49.

### Candidates Not Running in an Election

A candidate is entitled to receive contributions for a particular election only if he or she seeks office in that election. Thus, a candidate who loses the primary (or otherwise does not participate in the general election) does not have a separate limit for the general. 102.9(e), 110.1(b)(3)(i) and 110.2(b)(3)(i).

### Unopposed Candidates

A candidate has a separate contribution limit for an election in which he or she is running even if:

- The candidate is unopposed;
- A primary or general election for a particular office is not held because the candidate is unopposed; or
- The general election is not held because the candidate received a majority of votes in the previous election. (The date on which the election would have been held is considered the date of the election.) 110.1(j)(2) and (3); 110.2(i)(2) and (3).

### Presidential Candidates

All Presidential primary elections held during an election year are considered one primary election for the purposes of the contribution limits for Presidential candidates. 110.1(j)(1) and 110.2(i)(1). A multicandidate committee, therefore, may give only \$5,000 to a Presidential candidate's primary campaign, regardless of how many separate state Presidential primaries the candidate participates in.

In the general election, contributions to the campaign of a Democratic or Republican nominee receiving public funding are not permitted. Thus state and local parties must be careful that their activities do not constitute a contribution. However, contributions may be made to the candidate's compliance fund, as explained on page 39. 9003.3(a)(2).

General election contributions to the Presidential nominee of a nonmajor party are subject to the \$2,000 limit or, in the case of multicandidate committees, the \$5,000 limit. See also page 40. 110.1(j)(1) and 110.2(i)(1).

## 4. Designating Contributions to Candidates

### Designated Contributions

The Commission encourages committees, when contributing to candidates, to designate their contributions in writing for a particular election (for example, primary or general). The designation may be made either on the contribution check or in a signed statement accompanying the contribution. 110.1(b)(2)(i), (b)(4) and 110.2(b)(2)(i), (b)(4).

### Undesignated Contributions

An undesignated contribution automatically counts against the limits for the next scheduled election. 110.1(b)(2)(ii) and 110.2(b)(2)(ii). Therefore, if a committee wishes to make a contribution for any election other than the next one, the contribution must be designated in writing, as explained below.

### When Designation Is Required

#### Future Elections

A written designation is required when a committee wants a contribution to apply toward a future election other than the next one. For example, a committee may make a contribution to a candidate's general election campaign before the primary election has taken place, but the committee's check (or an accompanying statement) must say "General" in order to count toward the general election limit.

#### Past Elections (Debt Retirement)

A committee must similarly designate a contribution for the appropriate election when making a contribution to retire a candidate's debt from a past election campaign. The committee should be certain that the contribution, when aggregated with other contributions from the committee for that same election, does not exceed the committee's per-election limit.

The candidate committee may accept the contribution only if the campaign has *net debts outstanding* with respect to the designated election on the day it receives the contribution. 110.1 (b)(3)(i) and (iii) and 110.2(b)(3)(i) and (ii).

## Effect of Date Made

### Designated Contributions

A candidate may always accept a designated contribution if it is made before the designated election, regardless of whether the candidate has outstanding debts from that election. However, a designated contribution is subject to the net debts outstanding rule, described above, if it is made after the election for which it is designated. 110.1 (b)(3)(ii) and (iii) and 110.2(b)(3)(i) and (ii).

### Undesignated Contributions

A committee may make an undesignated contribution on or before the day of the election regardless of whether the candidate has debts, even if the candidate does not receive the check until after the election has passed. An undesignated contribution made after the election has passed, however, must be applied to the donor's limit for the next election. 110.1 (b)(2)(ii) and 110.2(b)(2)(ii). For the purposes of the per-election limits, then, it is important to distinguish the date a contribution is made from the date it is received by a candidate.

### Determining the Date Made

The date a contribution is made is the date when the committee relinquishes control of the funds. In practice this means that:

- An *in-kind contribution* is made on the date that the goods or services are provided to the recipient committee.
- A mailed contribution is made on the date of the postmark.
- A hand-delivered contribution is considered made on the date it is delivered to the campaign committee or to an agent of the campaign (such as the candidate). 110.1 (b)(6) and 110.2(b)(6).

## Redesignation

A candidate committee may ask a committee to redesignate a contribution (or a portion of it) for a different election. Redesignation permits the donor to remedy an excessive contribution so that the excessive portion counts against a different election limit. 110.1 (b)(5) and 110.2(b)(5). A committee may comply with a request for redesignation by returning a signed statement redesignating the contribution. The candidate committee must receive the redesignation within 60 days of its receipt of the original contribution. Otherwise, the candidate must refund the excessive portion to the committee. The committee may always request a refund from the candidate instead of providing the redesignation. 103.3(b)(3), 110.1 (b)(5)(ii) and 110.2(b)(5)(ii).

## 5. Contributions to PACs

In addition to contributing directly to candidate committees, a party committee may support PACs and other *unauthorized committees*, that is, committees that are not *authorized committees* of candidates.

### Limits on Contributions to Unauthorized Committees

#### General Rule

A party committee may make contributions of up to \$5,000 per calendar year to a PAC or other unauthorized committee. 110.1 (d) and 110.2(d).

#### Candidate Limits May Apply

A contribution to an unauthorized committee may nevertheless count against the contributing committee's limit for a candidate if:

- The recipient committee is a *single-candidate committee* (i.e., an unauthorized committee that supports only one candidate);
- The contributing committee knows that a substantial portion of its contribution will be given to or spent on behalf of a particular candidate; or
- The contributing committee retains control over the contribution. 110.1 (h); 110.2(h).

## Contributions to Delegates and Delegate Committees

The limits on contributions to *delegates* and *delegate committees* are discussed in Appendix D.

## 6. Prohibited Contributions

Party committees may not make, solicit or direct any contributions or donations outside the limits and prohibitions of federal law to the following organizations:

- 501 (c) tax-exempt organizations which make expenditures or disbursements in connection with a federal election or for federal election activity. This prohibition applies if the organization has only applied for tax-exempt status;
- 527 organizations which are not political committees, state or local party committees or authorized campaign committees of a state or local candidate. 300.11 (a). See also *McConnell v. FEC*, 124 S.Ct. 619 at 681-682.

However, state and local party committees may make or direct donations to a state political committee that supports only state and local candidates, and does not make any expenditures or disbursements for federal election activity (FEA). See Chapter 8. 300.37(a)(3)(iv)

### 501(c) Certification

When determining if a 501 (c) organization makes expenditure or disbursements in connection with federal elections or for federal election activity, a party committee may rely on a certification by the organization if it:

- Is a signed written statement by an authorized representative of the organization who has knowledge of the organization's activities;
- States that within the current election cycle the organization has not made, and does not intend to make any such expenditures or disbursements; and
- States that the organization does not intend to pay debts incurred in the past election cycle from such expenditures or disbursements.

If the party committee or any of their agents or entities knows the certification to be false, it may not be relied upon. 300.11 (c)-(e).

## CHAPTER 6 Earmarked Contributions

An earmarked contribution is one which the contributor directs (either orally or in writing) to a clearly identified candidate or candidate's committee through an intermediary or conduit. Earmarking may take the form of a designation, instruction or encumbrance and may be direct or indirect, express or implied. 110.6(b)(1).

## 1. Conduits

### Who Is A Conduit

Anyone who receives and forwards an earmarked contribution to a candidate committee is considered a conduit or intermediary. 110.6(b)(2). (The terms "conduit" and "intermediary" are interchangeable; "conduit" will be used in the remainder of this chapter.)

Political committees (such as party committees and PACs), unregistered organizations (such as party organizations), individuals and partnerships are among those who may act as conduits for earmarked contributions.

### Persons Not Considered Conduits

For the purposes of the earmarking rules, certain individuals and organizations are not considered conduits even though they may participate in activities to raise money for a *candidate*. These persons include:

- An employee or full-time volunteer working for a *candidate committee*;
- An individual who occupies a significant position in a candidate's campaign and who is expressly authorized to raise money on behalf of the candidate;
- A committee *affiliated* with the candidate committee;
- A fundraising representative conducting a joint fundraiser with the candidate committee; and
- A commercial fundraising firm retained by the candidate committee. 110.6(b)(2)(i).

## Prohibitions Apply

No corporation, labor organization or other entity prohibited from making contributions in connection with federal elections may act as a conduit for an earmarked contribution. 110.6(b)(2)(ii).

Furthermore, no individual may receive a contribution on behalf of a candidate (as a conduit or otherwise) while acting as the representative of a corporation, labor organization or other entity prohibited from making contributions.<sup>1</sup> 110.6(b)(2)(i)(A) and (E). See also Advisory Opinion (AO) 1986-4.

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## 2. Contribution Limits

### Contributor's Limit

An earmarked contribution counts against the contributor's contribution limit for the recipient candidate. 110.6(a).

### Conduit's Limit

#### Direction or Control

The conduit's limit is affected when the conduit exercises direction or control over the contributor's choice of the recipient candidate. In that case, the full amount of the contribution counts against the limits of both the original contributor and the conduit, even though the candidate receives only one check. 110.6(d)(2). For examples of how the Commission has viewed the "direction or control" rule in specific situations, see AOs 1986-4, 1981-57 and 1980-46.

#### Solicitation Costs for Earmarked Contributions

If a committee's solicitation is coordinated with the recipient campaign or its agents, then the direct costs of the solicitation constitute in-kind contributions to the named candidates. If the solicitation is not coordinated, however, the costs will be considered an independent expenditure. AO 2003-23 and 100.16.

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<sup>1</sup> A corporation, labor organization or separate segregated (SSF) fund may, however, solicit earmarked contributions to be collected and forwarded by the SSF as long as the earmarked contributions are treated as contributions received and made by the SSF (as well as contributions made by the individual contributors to the designated candidates) and count against the limits of both the contributor and the SSF. 114.2(f)(2)(iii) and (4)(iii).

## Effect on Unregistered Organization

An unregistered organization acting as a conduit should be aware that conduit activity could result in contributions by the organization if it exercises direction or control over earmarked contributions or if solicitation costs for earmarked contributions result in in-kind contributions to candidates. Such contributions may trigger registration and reporting requirements. 100.5(a)-(c).

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## 3. Forwarding Earmarked Contributions

A conduit must forward an earmarked contribution, along with a transmittal report (see below), to the recipient candidate committee within 10 days of receiving the contribution. 102.8(a) and (c); 110.6(c)(1)(iii).

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## 4. Reporting Conduit Activity

A conduit discloses information on earmarked contributions on two reports.

### Report for Recipient Candidate Committee

A conduit must provide a transmittal report to the recipient candidate committee when it forwards an earmarked contribution. 110.6(c)(1)(i).

### Report Filed with the FEC

#### Registered Political Committee

A political committee acting as a conduit must include information on an earmarked contribution on its next regularly scheduled FEC report. 110.6(c)(1)(ii).

#### Unregistered Entity

An individual or other unregistered entity acting as a conduit must disclose information on an earmarked contribution in a letter to the FEC within 30 days after forwarding the earmarked contribution. 110.6(c)(1)(ii).

## 5. Contents of Transmittal Reports

Both conduit reports must disclose the following information:

- The name and mailing address of each contributor and, if the contribution exceeds \$200, the contributor's occupation and employer.
- The amount of each earmarked contribution and the date the conduit received it.
- The intended recipient designated by the contributor. It is suggested that the conduit also include the election for which the contribution was designated (if any), the office sought by the candidate (state and, if applicable, Congressional district) and the name and address of the recipient candidate committee.

- The date the earmarked contribution was forwarded to the recipient committee.
- How the contribution was forwarded (by cash, contributor's check or conduit's check).
- A statement indicating that the conduit's limit was also affected, if applicable. 110.6(c)(1)(iv) and (d)(2).

## 6. Reporting Instructions for Political Committee Conduits

### Using Schedules A and B

A political committee acting as a conduit itemizes information on earmarked contributions in its regular FEC reports using Schedules A and B. Note that if a committee forwards earmarked

contributions in the form of the contributors' checks, without depositing them, it must itemize the earmarked contributions as memo entries on Schedules A and B. 110.6(c)(1)(v). Alternatively, instead of labeling each entry as a memo entry, the committee may itemize the contributions on Schedules A and B clearly labeled as memo entry schedules.

### Schedule A

A conduit committee reports the following information on Schedule A for each earmarked contribution:

- Contributor information (name, address and, if applicable, occupation and employer).
- The date of receipt and amount of the contribution.
- The name of the designated candidate.

### Earmarked Contributions

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (in Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) A. Michael Chaplin				
Mailing Address 111 River Road City State ST Zip Code 00000			Date of Receipt 08 / 19 / 2004	
FEC ID number of contributing federal political committee. C			Amount of Each Receipt this Period 500.00	
Name of Employer Kramerica Inc.		Occupation Vice-president		Earmarked for Guy Blank, House, ST.
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)		Aggregate Year-to-Date		

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (in Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) A. Friends of Guy Blank				
Mailing Address 111 Gari Street City State ST Zip Code 00000			Date of Disbursement 08 / 25 / 2004	
Purpose of Disbursement Contribution			Amount of Each Disbursement this Period 500.00	
Candidate Name Guy Blank			Earmarked by Michael Chaplin and transmitted by committee check.	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)		
State: ST District: 6		Category/Type 011		

These reporting procedures apply when the committee deposits an earmarked contribution before transmitting the funds to the candidate for whom the contributor earmarked them. When the committee transmits the contributor's original check, the procedures are the same, but the itemized information must appear as memo entries on Schedules A and B. Or, the committee may use Schedules A and B clearly labeled as memo entry schedules.

## Schedule B

A conduit committee reports the following information on Schedule B:

- The designated candidate and, preferably, the office sought by the candidate and the name and address of the candidate committee.
- The amount of the contribution, the date it was forwarded and, preferably, the election (if any) designated by the contributor.
- A notation as to how the contribution was forwarded (cash, contributor check, committee check).
- A statement that the conduit's limit was also affected, if applicable.

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## CHAPTER 7

# Other Candidate Support Activities

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In addition to making contributions, party committees may support federal candidates in the ways described below.

In general, candidate-support activities must be paid with federally permissible funds.

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## 1. Coordinated Party Expenditures

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A national party committee and state party committees may make special expenditures in connection with the general election campaigns of federal candidates. 109.30. These coordinated party expenditures do not count against the contribution limits but are subject to a different set of limits, as explained below. Also, coordinated party expenditures must be made with federally permissible funds only.

(Coordinated party expenditures are also called “441 a(d) expenditures” because they are provided for in Section 441 a(d) of the Federal Election Campaign Act.)

## Committees Authorized to Make Coordinated Party Expenditures

### National Committee

Only a national party committee has a coordinated party spending limit for the party's Presidential nominee. 109.32(a).

A national party committee also has a coordinated party expenditure limit for the party's House and Senate candidates in the general election. 109.32(b).

### State Committee

A state party committee has its own separate spending limit for each of the party's House and Senate nominees in that state. 109.32(b).

## Local Committees

A local party committee or organization may make coordinated party expenditures if authorized to do so by the national or state committee. Local party units do not have any coordinated party spending authority of their own.

## Assigning Spending Limits to Designated Agent

### General Rule

A national or state party committee may assign all or part of its coordinated party spending authority to another party committee. 109.33. The assigning committee must first authorize the spending in a written agreement that should specify the amount the designated agent may spend.

In this way, for example:

- State and local party committees may spend against the national committee's Presidential spending limit; and
- A local party committee may spend against the state committee's limits for House and Senate candidates.

### Authorizing Committee's Responsibility

A state party committee must monitor and disclose party expenditures made by designated local committees. A state committee may use an FEC-recommended plan for this purpose (see page 75) or some other method approved in advance by the Commission. 109.33(b).

National party committees should also monitor and disclose coordinated party expenditures made by designated agents.

## Formulas for Coordinated Party Expenditure Limits

Coordinated party expenditure limits are calculated as follows:

- House Candidate:<sup>1</sup> \$10,000 increased by the Cost of Living Adjustment (COLA)<sup>2</sup> or, in states with only one representative, the same as the Senate limit.

<sup>1</sup> The limit also applies to candidates for Delegate (District of Columbia, Guam, Virgin Islands) and Resident Commissioner (Puerto Rico). 109.32(b)(2)(ii).

<sup>2</sup> The Cost of Living Adjustment has more than tripled the limits since 1974, the base year. For example, the 2004 spending limit for a House candidate is \$37,310.

- Senate Candidate: state voting age population x 2 cents, increased by the COLA; or \$20,000 increased by the COLA, whichever is greater.
- Presidential Candidate: National voting age population x 2 cents, increased by the COLA. 109.32

Every election year, the Commission publishes the dollar amounts of the coordinated party expenditure limits in its newsletter, the *Record*.

### The Millionaires' Amendment

The coordinated party expenditure limits for House and Senate candidates increase when their opponents' personal spending exceeds certain threshold amounts. See below.

## Party Expenditures vs. In-Kind Contributions

In making a coordinated party expenditure, the party committee pays for goods or services to benefit the candidate but does not give the money directly to the candidate or candidate committee. For example, the payment of a campaign bill could be treated and reported as a coordinated party expenditure, while a check payable to the candidate committee could not—it would have to be treated as a contribution.

### Similarities

Coordinated party expenditures, then, are similar to in-kind contributions in that both represent payments for goods or services. An expenditure in connection with a general election campaign may count against either the coordinated party expenditure limit or the contribution limit for the candidate. It is up to the party committee to decide (assuming it has authority to make a coordinated party expenditure).

### Differences

Coordinated party expenditures differ from contributions in the following ways:

- Coordinated party expenditures may be made in connection with the general election only, whereas contributions may be made in connection with any election.
- Coordinated party expenditures count against special limits, distinct from the contribution limits.

- There is only one coordinated party expenditure limit per candidate (it applies only to the general election candidate)<sup>3</sup> whereas there is a separate contribution limit for each election in which a candidate participates.
- The coordinated party expenditure limits are much larger than the contribution limits.
- Coordinated party expenditures are reported by the party committee only, while contributions are reported by both the party committee and the recipient candidate committee.

## Communications

### Coordination

If a communication is coordinated with a candidate, then it is either an in-kind contribution to that campaign or it is a coordinated party expenditure. A communication is coordinated if it satisfies a three prong test. For more on determining coordination, see Chapter 9.

### Disclaimers

Disclaimers on communications done as coordinated party expenditures must identify the committee that actually paid for the communication, regardless of whether the committee is spending against its own limit or against an amount assigned to it by another committee. 110.11 (d)(1)(i).

When a coordinated party expenditure is made before the date of the party's nomination, the communication need only state who paid for it; no authorization statement is required. 110.11 (d)(1). However, for post-nomination coordinated party expenditures approved by a candidate or candidate's committee, the communication must state also that it is authorized by the nominee or nominee's committee. 110.11 (d)(2). These post-nomination coordinated party expenditures must also comply with the additional disclaimer requirements explained on pages 48.

For more on candidate appearances in their communications, see the *Campaign Guide for Congressional Candidates*.

<sup>3</sup> In a few states, if an election does not result in the selection of a final winner because none of the candidates wins a majority of the votes, a second election is held between the top two vote getters. In this situation, however, only one coordinated party expenditure limit applies to both elections. *Democratic Senatorial Campaign Committee v. FEC*, 918 F. Supp. 1, DDC 1994.

## Allocation Among Candidates

A coordinated party expenditure made on behalf of more than one candidate must be allocated in proportion to the benefit each candidate is expected to receive. The amount allocated to a candidate counts against the coordinated spending limit (or contribution limit) for that candidate. Allocation procedures are the same as those used to allocate in-kind contributions; see page 28. 104.10(a); 106.1 (a) and (b).

## Pre-nomination expenditures

Party committees may make coordinated party expenditures in connection with the general election campaign before or after the party's candidate has been nominated. All pre-nomination coordinated expenditures continue to be subject to the coordinated party expenditure limitations, whether or not the candidate on whose behalf they are made receives the party's nomination. 109.34.

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## 2. Increased Coordinated Party Expenditure Limits for Candidates Opposing Self-Financed Candidates

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Under provisions of the so-called "Millionaire's Amendment," the coordinated party expenditure limit applicable to a candidate may be increased if personal spending by one or more opposing candidates creates a funding disparity that exceeds certain threshold amounts.

### Threshold Amounts

The threshold amounts for House and Senate candidates differ. For House candidates the threshold amount is \$350,000. Senate candidates must exceed ten times the threshold amount set forth in FEC regulations (\$150,000 + (.04 x voting age population of the state)) to trigger increased 441 (a)(d) limits. These figures are available on the FEC's web site at <http://www.fec.gov/pages/bcra/rulemakings/millionaire-senate.shtml>

## Opposition Personal Funds Amount

Opposition personal spending that exceeds the threshold amounts does not by itself trigger increased limits. The regulations also take into account expenditures from the personal funds of the candidate seeking increased limits under the Millionaires' Amendment as well as fundraising by the campaigns.

Campaigns must use the appropriate "opposition personal funds amount" formula to determine whether an opposing candidate has spent sufficient personal funds in comparison to the amounts raised by the campaigns to trigger increased contribution and coordinated party expenditure limits. The opposition personal funds formula takes half the difference between the gross receipts of the candidate and the gross receipts of the opponent and subtracts that from the amount by which the opponent is outspending the candidate using his or her personal funds.<sup>4</sup> Hence, a candidate with a significant fundraising advantage over a self-financed opponent might not receive an increased contribution limit or 441a(d) limit.

## Avoiding Excessive Expenditures Under the Increased Limits

National and state party committees must monitor the opposition personal funds amount for campaigns in which they are making coordinated party expenditures in excess of the regular coordinated party expenditure limits (at 11 CFR 109.32(b)).

House candidates (and their authorized committees) must not accept, and national and state party committees making coordinated party expenditures on behalf of House candidates must not make, any contribution or coordinated party expenditure that causes the aggregate contributions accepted and coordinated party expenditures made under the increased limits to be greater than 100 percent of the opposition personal funds amount.

Similarly, Senate candidates (and their authorized committees) must not accept, and national and state party committees making coordinated party expenditures on behalf of Senate candidates must not make, any contribution or coordinated party expenditure that causes the aggregate contributions accepted and coordinated party expenditures made under the increased limits to be greater than 110 percent of the opposition personal funds amount.

## Candidate Reporting Requirements

### Notification of Personal Spending

A House candidate's principal campaign committee must notify the Commission, each opposing candidate and the national party committee of each opposing candidate within 24 hours when the candidate's aggregate expenditures from personal funds exceed the threshold amount (FEC Form 10). 11 CFR 400.21 (b).

A Senate candidate's principal campaign committee must notify the Secretary of the Senate, the Commission and each opposing candidate within 24 hours when the candidate's aggregate expenditures from personal funds exceed two times the threshold amount (FEC Form 10). 11 CFR 400.21 (a).

After the initial notification, House and Senate candidates must inform the same group within 24 hours each time the candidate makes an additional expenditure from personal funds in excess of \$10,000. 11 CFR 400.22. Both the initial and additional notifications must be made by faxing or e-mailing a copy of FEC Form 10 to all of the designated entities. 11 CFR 400.24.

### Notification of Eligibility for Increased Limits

Within 24 hours after they become eligible, candidates who qualify for increased coordinated party expenditure limits (or their principal campaign committees) must file FEC Form 11 to inform their national and State party committees and the Commission.

Within 24 hours of attaining funds comparable to that of the wealthy opponent—100 percent of opposition personal funds for House candi-

<sup>4</sup> Candidates calculate this amount using the Form 11 worksheet.

dates and 110 percent for Senate candidates—the candidate must file FEC Form 12 and inform the national and state committees of his or her political party that the increased limits have been suspended.

## Party Committee Reporting Requirements

Each time a national or state political party committee makes coordinated expenditures in excess of the normal limits, it must notify the Commission and the candidate on whose behalf the expenditure is made by fax or e-mail within 24 hours, using Schedule F. A check-off box on Schedule F indicates that it is a 24 hour report made under modified limits. 11 CFR §400.30(c)(2).

A national or state party committee must report this activity a second time on a Schedule F filed with its next scheduled report.

For further information on reporting coordinated party expenditures, see page 75.

## 3. Exempt Party Activities

State and local party committees may spend unlimited amounts for certain activities—called exempt party activities—that benefit federal candidates but that are exempt from the definitions of contribution and expenditure. (A national party committee is not entitled to these exemptions.)

Generally, party committees must report spending on exempt activities as *operating expenditures*. (Exempt party activities are not reportable by the committees of federal candidates benefiting from the activity.) In many instances, however, these activities will qualify as FEA, triggering specific payment and disclosure requirements discussed in the next chapter.

## Disclaimers

Exempt state and local party activities are required to carry a “paid for by” disclaimer. Being exempt from the contribution and expenditure limits does not exempt these communications from the disclaimer requirement. However, the disclaimer does not need to state whether the communication is authorized by a candidate, or any authorized committee or agent of any candidate. See further discussion of the disclaimer rules at 48. 110.11 (e).

## Slate Cards and Sample Ballots

A state or local party committee may prepare and distribute a slate card, sample ballot, palm card or other printed list naming candidates for any public office. The payments are not considered contributions or expenditures on behalf of any federal candidate listed, as long as the following conditions are met:

- The list names at least three candidates running for election to any public office.
- The list is not distributed through public political advertising (which includes broadcast media, newspapers, magazines and billboards but not direct mail). AO 1978–9.
- The content is limited to the identification of each candidate (pictures may be used), the office or position currently held, the office sought and party affiliation. The list must exclude any additional biographical data on candidates and their positions on issues as well as statements on party philosophy. Certain voting information, however, may be given, such as time, place and instructions on voting a straight party ticket. AO 1978–89.
- Costs allocable to federal candidates are paid with permissible funds. 100.80; 100.140. For information on how to allocate exempt activity expenses, see page 86.

## Campaign Materials

A state or local party committee may prepare and distribute campaign materials such as pins, bumper stickers, handbills, brochures, posters and yard signs. The payments are not considered contributions or expenditures if the following conditions are met:

- The activity is conducted on behalf of the party’s nominees in the general election (not on behalf of candidates running in primary elections).
- The materials are distributed by volunteers—not through public political advertising such as television, radio, newspapers, magazines, billboards or direct mail (mailings by a commercial vendor or from commercial lists).
- The party committee does not use materials purchased by the national party committee or money transferred from the national committee to purchase materials.
- The party committee does not use funds designated for a particular federal candidate.

- A payment from a nonfederal campaign to help pay for the materials does not exceed its allocated share of the expenses.
- Costs allocable to federal candidates are paid with permissible funds. 100.87; 100.147. For information on how to allocate exempt activity expenses, see page 86.

## Voter Drives for Presidential Nominee

A state or local party committee may conduct a voter registration or get-out-the-vote drive on behalf of the party's Presidential and Vice Presidential nominees without the payments being considered contributions or expenditures as long as the following conditions are met:

- The activity does not involve the use of public political advertising such as television, radio, newspapers, magazines, billboards or direct mail (mailings by a commercial vendor or from commercial lists).
- Phone banks are operated by volunteers (although paid professionals may design the system, develop calling instructions and train supervisors).
- The party committee does not use funds transferred by the national party committee for voter drive activities.
- The party committee does not use funds designated for a particular federal candidate.
- Cost allocable to federal candidates are paid with permissible funds. For information on how to allocate exempt activity expenses, see page 86.

Any reference to a U.S. House or Senate candidate must be incidental to the overall activity; otherwise, the cost allocable to the House or Senate candidate is an in-kind contribution or coordinated party expenditure on behalf of that candidate. 100.89; 100.149; and 106.1 (c)(3).

## 4. Phone Banks

In some cases, phone banks are governed by unique allocation rules. These unique rules apply to a phone bank conducted by a national, state, district or local party committee that:

- Refers to a clearly identified federal candidate;
- Does not refer to any other clearly identified federal or nonfederal candidate;

- Includes another reference that generically refers to other candidates of the federal candidate's party without clearly identifying them (i.e., "Come out and vote for President John Doe and our great Party team.");
- Does not solicit any contribution or donation or any other funds from any person; and
- Is not a *contribution* or *expenditure*. 106.8(a).

If the phone bank satisfies all of these conditions, then 50 percent is attributed to the federal candidate as an in-kind contribution or coordinated party expenditure (or must be refunded by the campaign) and must be paid for with federal funds. The remaining 50 percent is not attributed to any candidate, but must be paid for with federal funds. 106.8(b).

## 5. Support of Presidential Nominee

### Contributions to Major Party Nominees

#### No Contributions to General Election Campaign of Publicly Funded Candidate

Major party nominees who opt to receive public funding for the general election may not accept any campaign contributions and must limit campaign spending to the amount of the public funding grant.<sup>5</sup> Thus, a Republican or Democratic party committee may not make any contributions to the general election campaign of its Presidential and Vice Presidential nominees if those nominees accept public funding. 9003.2(a)(2).

#### Contributions to Compliance Fund

Publicly funded nominees may, however, accept contributions designated for a general election legal and accounting compliance fund (GELAC fund), a special account used to pay legal and accounting expenses incurred in complying with the campaign finance law. Contributions to a GELAC fund are subject to the *Act's* prohibitions and the per-election contribution limits. (Contributions are limited to \$2,000 or, in the case of a multi-candidate committee, \$5,000.)

<sup>5</sup> If there is a deficiency in the Presidential Election Campaign Funds, nominees may accept contributions to the extent necessary to make up the deficiency. 9003.3(b)(1).

## Contributions to Nonmajor Party Nominees

General election contributions to the Presidential nominee of a nonmajor party are subject to the per-election contribution limits. 110.1(j)(1) and 110.2(i)(1).

A minor or new party candidate in the Presidential general election may qualify for partial public funding if the party's nominee in the previous Presidential election received at least 5 percent of the popular vote or if the current nominee receives at least 5 percent of the vote. The nominee may accept contributions (subject to the limits and prohibitions) to pay for expenses in excess of the public funding grant. (The candidate is subject to the same spending limit as a major party nominee.) 9003.2(b) and 9003.3(c)(1).

## Exempt Activities

State and local party committees may support the party's Presidential ticket through the exempt party activities listed earlier in this chapter.

## Coordinated Party Expenditures

As stated earlier, only a national party committee has a coordinated party spending limit for the party's Presidential nominee. Other party committees may spend against this limit if they have the national committee's prior written authorization (which should include the amount that may be spent). 109.33.

## 6. Use of Candidates' Names in Special Projects

As explained on pag 6, a party committee cannot include the name of any candidate in its own name. FEC rules also prohibit a party committee (or any unauthorized committee) from using a candidate's name in the name of a special communication, such as a fundraising or advertising project, unless the name clearly shows opposition to the identified candidate. 102.14(a) and (b)(3). Candidate names may, however, be used in the text of the communication.

A special project that opposes a candidate (e.g., a fundraiser entitled "Defeat Jones in '04") is considered an in-kind contribution, a coordinated party expenditure or an independent expenditure on behalf of the candidate's opponent. (See Chapter 9.)

## 7. Indirect Candidate Support

Party activities and expenses that indirectly benefit candidates but that are not directly attributable to any clearly identified candidate are not considered contributions or coordinated party expenditures and therefore do not count against those limits. Nevertheless, party committees with separate federal, Levin and nonfederal accounts must allocate a portion of such costs as federal expenses, payable with permissible funds. 106.1(c)(1) and (2), 106.1(e); 106.5(a)(1). (For information on setting up federal and nonfederal accounts, see page 3; see Chapter 13 for details on allocation.)

The specific types of indirect support activities described below must be allocated.

### Administrative Expenses

Expenses for rent, personnel, overhead and other day-to-day costs of running the committee are not considered contributions or coordinated party expenditures as long as the expenses are not directly attributable to a clearly identified candidate. As explained above, however, some of these expenses are allocable. 106.1(c)(1); 106.5(a)(2)(i).

### Generic Voter Drive Costs

Activities that urge the general public to register, to vote or to support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate, are not considered contributions or coordinated party expenditures, but costs for this type of activity are allocable. 106.1(c)(2); 106.5(a)(2)(iv).

In many instances, however, these activities will qualify as federal election activity, triggering specific payment and disclosure requirements discussed in the next chapter.

## CHAPTER 8

# Federal Election Activity

### 1. Definition

#### What Federal Election Activity Is

Federal election activity (FEA) is a specifically defined term of art that triggers certain payment and reporting requirements. FEA is defined as:

- *Voter registration activity* during the period 120 days before a regularly scheduled primary or general election including the election day itself;
- *Voter identification, get-out-the-vote and generic campaign activity* conducted in connection with an election in which a federal candidate appears on the ballot;<sup>1</sup>
- A *public communication* that refers to a clearly identified candidate for federal office and that promotes, attacks, supports or opposes any candidate for federal office. The communication does not need to expressly advocate the election or defeat of the federal candidate to qualify as FEA; and
- Services provided during a month by an employee of a state or local party committee who spends more than 25 percent of their compensated time during that month on activities in connection with a federal election, including FEA.

100.24(b).

#### What Federal Election Activity is Not

FEA does not include any amount expended by a state or local party committee for:

- A public communication that refers solely to clearly identified candidates for nonfederal office and does not promote, attack, support or oppose a federal candidate. However, the communication may be FEA if it otherwise qualifies (e.g. as get-out-the-vote activity);
  - A contribution to a candidate for state or local office, provided that it is not designated to pay for the FEA described above;
  - Costs of a state or local political convention, meeting or conference; and
  - Costs of grassroots campaign materials (such as buttons, bumper stickers, yard signs, handbills, brochures and posters) that name or depict only candidates for state and local office.
- 100.24(c).

### 2. Funding Federal Election Activity

The third and fourth types of FEA above must be paid for solely with federal funds. The first and second types may generally be allocated between federal and Levin funds according to fixed percentages described in Chapter 14. However, Levin funds may not be used to pay for any part of FEA if the activity refers to a clearly identified candidate or if any part of the funds will be used to pay for a television or radio communication (unless the communication refers solely to a clearly identified state or local candidate).

Note that if a state or local party's disbursements for allocable FEA amount to less than \$5,000, the payments may come exclusively from federal funds or Levin funds, or they may be allocated between both. 300.32(c)(4).

Unregistered party organizations should note that unless the payments otherwise qualify as expenditures, payments of federal funds or Levin funds for FEA by a state, district or local party committee do not constitute expenditures for the purpose of determining registration requirements. 300.36(a)(2).

<sup>1</sup> During even numbered years, "in connection with an election in which a federal candidate appears on the ballot" means the period beginning on the filing deadline for primary election ballot access for federal candidates under state law- or January 1<sup>st</sup> of the election year for states that do not hold primaries- and ending on the day of the general election (or of the general election runoff if one is held). In odd numbered years, it means the period beginning on the day that the date is set for a special election and ending on the day of that election.

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## 3. Levin Funds

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As noted in Chapter 1, Levin funds are a new category of funds that can be used for certain types of FEA. State, district and local party committees may raise Levin funds in limited amounts and use them to pay for certain federal election activities. 300.2(i), 300.30 and 300.34.

Levin funds may be kept in an account with other nonfederal funds or may be placed in an account exclusively for Levin funds. 300.30(c)(2) and (3). For more on committee bank accounts and Levin funds, see page 3.

### Raising Levin Funds

#### Limitations

A party committee may not solicit or accept Levin funds which aggregate to more than \$10,000 per source in a calendar year. If the laws of the state in which the committee is organized limit donations to that committee to less than \$10,000, that lower limit would apply. 300.31(d)(1)-(2).

Levin fund donations are not subject to the normal aggregation requirements based on affiliation between committees. While contributions to state and local committees aggregate toward the same limit, donations of Levin funds do not. 300.31(d)(3).

Similarly, while state and local parties can typically transfer among themselves without limit, Levin funds cannot be transferred. Any Levin funds expended or disbursed by a committee must have been raised solely by that committee. Moreover, when making allocated payments for FEA, a committee must be able to show that the federal and Levin funds it uses to make a disbursement for FEA do not include federal funds transferred to it by any other party committee. 300.31(a).

Additionally, Levin funds may not be solicited or accepted via a joint fundraiser with any other party committee. 300.31(f).

#### Fundraising Expenses

Expenditures to raise federal funds which are to be used for FEA must be made with federal funds only. However, expenditures to raise Levin funds which are to be used for FEA must be made with either federal or Levin funds, or an allocated ratio of the two. 300.32(a) and (c).

These expenses include the cost of solicitation, administration and planning for the event. 300.32(a).

### Prohibited Sources

Party committees may not accept donations to their Levin accounts which were solicited, received, transferred or spent in the name of:

- A national committee of a political party, including their national congressional campaign committee;
- A federal candidate or officeholder; or
- A foreign national. 300.31(c) and (e).

Corporate and union donations and donations from federal government contractors are permissible, as long as state law does not prohibit them.

### Spending Levin Funds

In addition to the FEA expenses identified above, state, district and local party committees may use Levin funds to pay for any activity which is lawful in the state where the party committee is organized. 300.32(b)

Bear in mind, however, that state and local party committees may not spend Levin funds on:

- Any broadcast, cable or satellite communication unless it refers solely to a clearly identified candidate for state or local office;
- Services provided by an employee of a state or local party committee who devotes over 25 percent of his or her compensated time to activity in connection with federal elections; and
- FEA which refers to a clearly identified federal candidate. 300.32(c).

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## 4. Reporting Requirements

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Party committees must report their federal election activity. Reporting requirements are explained in Chapter 14.

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## CHAPTER 9

# Communications

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In addition to contributions and other financial assistance, party committees may also distribute communications which support candidates. This chapter discusses the varied types of communications, how they must be paid for and the disclaimer requirements that apply.

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### 1. Coordinated Communications

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When a party committee pays for a communication that is coordinated with a candidate, the communication is either an in-kind contribution or a coordinated party expenditure. (On the other hand, when a committee pays for a communication that is coordinated with a political party committee, the communication is an in-kind contribution to the party committee.)

#### Coordination Defined

“Coordinated” means made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee, or their agents, or a political party committee or its agents.<sup>1</sup> 109.20.

#### Determining Coordination

There is a three-pronged test to determine whether a communication is coordinated.

If a communication satisfies all three prongs, it is deemed to be coordinated. The three parts of the test consider:

- The source of payment;
- A “content standard,” regarding the subject matter of the communication; and
- A “conduct standard,” regarding the interactions between the person paying for the communication and the candidate or political party committee. 109.21 (a).

#### Source of Payment

A coordinated communication is paid for by someone other than a candidate, an authorized committee or a political party committee. However, a person’s status as a candidate would not exempt him or her from the coordination regulations with respect to payments he or she makes on behalf of a different candidate. 109.21 (a)(1).

#### Content Standard

The purpose of the content standards is to determine whether the subject matter of a communication is reasonably related to an election. A communication that satisfies **any one** part of the four-part standard meets the content requirement:

- A communication that is an “electioneering communication” (see Section 5 below);
- A public communication that republishes, disseminates or distributes candidate campaign materials, unless the activity meets one of the exceptions at 109.23 (b) discussed in the conduct standards below;
- A public communication that expressly advocates the election or defeat of a clearly identified candidate for federal office; or
- A public communication that:
  - Refers to a clearly identified federal candidate or political party;
  - Is publicly distributed or disseminated 120 days or fewer before a primary or general election or a convention or caucus with the authority to nominate a candidate. See AOs 2004-1 and 2003-25; and
  - Is directed to voters in the jurisdiction of the clearly identified candidate or to voters in a jurisdiction where one or more candidates of the political party appear on the ballot. 109.21 (c)(1)-(4).

#### Conduct Standard

The purpose of the conduct standards is to determine when interaction between the campaign and the person paying for the communication might constitute coordination. When the conduct standard and the first two prongs of the test (the content standards and the source of payment) are also met, then the communication is coordinated and results in an in-kind contribution. A communication that satisfies any one of the conduct tests described below satisfies the conduct standard.

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<sup>1</sup> For the purposes of 11 CFR part 109 only, “agent” is defined at 11 CFR 109.3.

### **Request or Suggestion**

This test has two parts, and satisfying either satisfies the test. The first part is satisfied if the person creating, producing or distributing the communication does so at the request or suggestion of a candidate, authorized committee, political party committee or agent of any of these. A communication satisfies the second part of the “request or suggestion” conduct standard if the person paying for the communication suggests the creation, production or distribution of the communication to the candidate, authorized committee, political party committee or agent of any of the above, and the candidate or political party committee assents to the suggestion. 109.21 (d)(1).

### **Material Involvement**

This test is satisfied if a candidate, candidate committee, political party committee or an agent of any of these was “materially involved in decisions” regarding any of the following aspects of a public communication paid for by someone else:

- Content of the communication;
- Intended audience;
- Means or mode of the communication;
- Specific media outlet used;
- Timing or frequency of the communication; or
- Size or prominence of a printed communication or duration of a communication by means of broadcast, cable or satellite. 109.21 (d)(2).

### **Substantial Discussion**

A communication meets this standard if it is created, produced or distributed after one or more substantial discussions between the person paying for the communication, or the person’s agents, and the candidate clearly identified in the communication or that candidate’s committee, that candidate’s opponent or opponent’s committee, a political party committee or an agent of the above. A discussion would be “substantial” if information about the plans, projects, activities or needs of the candidate or political party committee that is material to the creation, production or distribution of the communication is conveyed to the person paying for the communication. 109.21 (d)(3).

### **Employment of Common Vendor.**

The conduct standard provides that the use of a common vendor in the creation, production or distribution of a communication satisfies the conduct standard if:

- The person paying for the communication contracts with, or employs, a “commercial vendor” to create, produce or distribute the communication;<sup>2</sup> and
- The commercial vendor, including any officer, owner or employee of the vendor, has a previous or current relationship with the candidate or political party committee that puts the commercial vendor in a position to acquire information about the campaign plans, projects, activities or needs of the candidate or political party committee. This previous relationship is defined in terms of nine specific services related to campaigning and campaign communications. Note that these services would have to have been rendered during the election cycle in which the communication is first publicly distributed; and
- The commercial vendor uses or conveys information about the campaign plans, projects, activities or needs of the candidate or political party committee, or information previously used by the commercial vendor in serving the candidate or political party committee, to the person paying for the communication, and that information is material to the creation, production or distribution of the communication. 109.21 (d)(4).

### **Former Employee/Independent Contractor**

This standard applies to communications paid for by a person who has previously been an employee or an independent contractor of a candidate’s campaign committee or a political party committee during the election cycle.

The standard requires that the former employee use or convey information about the plans, projects, activities or needs of the candidate or political party committee, or information used by the former employee in serving the candidate or political party committee, to the person paying for the communication, and the information is material to the creation, production or distribution of the communication. 109.21 (d)(5).<sup>3</sup>

<sup>2</sup> The term “commercial vendor” is defined at 116.1 (c).

<sup>3</sup> Under the rules, a candidate or political party committee would not be held responsible for receiving or accepting an in-kind contribution that resulted only from conduct described in the “Employment of Common Vendor” and “Former Employee / Independent Contractor” sections. 109.21 (d)(4) and (d)(5). However, the person paying for a communication that is coordinated because of conduct described in these sections would still be responsible for making an in-kind contribution for purposes of the contribution limitations, prohibitions and reporting requirements of the Act. 109.21 (b)(2).

### **Dissemination, distribution or republication of campaign material**

A communication that republishes, disseminates or distributes campaign material only satisfies the first three conduct standards on the basis of the candidate's conduct—or that of his or her committee or agents—that occurs after the original preparation of the campaign materials that are disseminated, distributed or republished. 109.21 (d)(6).<sup>4</sup>

### **Agreement or formal collaboration**

Neither agreement (defined as a mutual understanding on any part of the material aspect of the communication or its dissemination) nor formal collaboration (defined as planned or systematically-organized work) is necessary for a communication to be a coordinated communication. 109.21 (e).

### **Safe harbor for responses to inquires about legislative or policy issues**

A candidate's or political party committee's response to an inquiry about that candidate's or party's positions on legislative or policy issues, which does not include discussion of campaign plans, projects, activities or needs, will not satisfy any of the conduct standards. 109.21 (f).

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## **2. Party Coordinated Communications**

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In addition to general coordinated communications, there are “party coordinated communications,” which are communications paid for by the party and coordinated with a campaign.

### **Determining Coordination**

Party coordinated communications satisfy a similar three-pronged test for coordination. However, there are two important differences. First, the

communication is paid for by a political party committee. Second, electioneering communications do not satisfy the content prong.

### **In-kind Contribution vs. Party Coordinated Expenditure**

Party coordinated communications must be treated by the party committee as either an in-kind contribution to the candidate or as a coordinated party expenditure to the general election campaign of the candidate. 109.37 (b). See page 35.

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## **3. Independent Expenditures**

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Party committees may support (or oppose) candidates by making independent expenditures. Independent expenditures are not contributions and are not subject to contribution limits. (However, contributions made to a committee or to another person making independent expenditures **are** subject to limits, as explained at the end of this section.) See AOs 1999-37, 1999-17 and 1998-22.

Independent expenditures must be paid for with federally permissible funds.

### **Defined**

An independent expenditure is an expenditure for a communication, such as a web site, newspaper, TV or direct mail advertisement, that:

- Expressly advocates the election or defeat of a clearly identified candidate; and
- Is not coordinated with a candidate, candidate's committee, party committee or their agents. (See above.) 100.16(a).

### **Clearly Identified Candidate**

A candidate is “clearly identified” if the candidate's name, nickname or image appears, or the identity of the candidate is otherwise apparent. Examples include: “the President,” “your Congressman,” “the Democratic presidential nominee,” “the Republican candidate for Senate in the State of Georgia.” 100.17.

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<sup>4</sup> Please note that the financing of the distribution or republication of campaign materials, while considered an in-kind contribution by the person making the expenditure, is not considered an expenditure by the candidate's authorized committee unless the dissemination, distribution or republication of campaign materials is coordinated. Additionally, republications of campaign materials coordinated with party committees are in-kind contributions to such party committees, and are reportable as such. 109.23 (a).

## Express Advocacy

“Express advocacy” means that the communication includes a message that unmistakably urges election or defeat of one or more clearly identified candidate(s). There are two ways that a communication can be considered express advocacy: by use of certain “explicit words of advocacy of election or defeat” and by the “only reasonable interpretation” test. 100.22.

### Explicit words of advocacy of election or defeat

The following words convey a message of express advocacy:

- “Vote for the President,” “re-elect your Congressman,” “support the Democratic nominee,” “cast your ballot for the Republican challenger for the U.S. Senate in Georgia,” “Smith for Congress,” “Bill McKay in ‘02”;
- Words urging action with respect to candidates associated with a particular issue, e.g., “vote Pro-Life”/ “vote Pro-Choice,” when accompanied by names or photographs of candidates identified as either supporting or opposing the issue;
- “Defeat” accompanied by a photograph of the opposed candidate, the opposed candidate’s name or “reject the incumbent”; and
- Campaign slogan(s) or word(s), e.g., on posters, bumper stickers and advertisements, that in context can have no other reasonable meaning than to support or oppose a clearly identified candidate, for example, “Nixon’s the One,” “Carter ‘76,” “Reagan/Bush.” 100.22(a).

### “Only Reasonable Interpretation” Test

In the absence of such “explicit words of advocacy of election or defeat,” express advocacy (candidate advocacy) is found in a communication that, when taken as a whole and with limited reference to external events, such as the proximity to the election, can only be interpreted by a “reasonable person” as advocating the election or defeat of one or more clearly identified candidate(s). 100.22(b)(1) and (2).<sup>5</sup>

This test requires advocacy of a candidate that is unmistakable, unambiguous and suggestive of only one meaning (that being the election or defeat of a candidate). 100.22(b)(1).

Note that the author’s intent is irrelevant. The test is how a “reasonable” receiver of the communication objectively interprets the message. If reasonable minds could not differ as to the unambiguous electoral advocacy of the communication, it is express advocacy (candidate advocacy) regardless of what the author intended.

Multiple-page communications or multiple inserts in the same envelope in a direct mail piece are to be read all together as a whole.

## Internet Independent Expenditures

In AO 1999-37, a PAC generated express advocacy communications for electronic distribution through downloads and e-mail. Costs of registering and maintaining the web site or of computer hardware and software did not count as independent expenditures unless they were directly attributed to specific express advocacy communications such as maintaining a separate web site for or against specific candidates. On the other hand, the expenses of initially distributing an express advocacy communication through e-mail were considered an independent expenditure. The PAC was not required to collect information on those individuals who downloaded the PAC’s advertisements and used them for their own political activity.

<sup>5</sup> Three federal courts have found invalid 11 CFR 100.22(b), the FEC regulation containing the ‘only reasonable interpretation’ test: *Maine Right to Life Committee v. FEC* (1<sup>st</sup> Circuit Court of Appeals, 1996); *Right to Life of Dutchess County v. FEC* (NY district court, 1998); and *Virginia Society for Human Life, Inc. v. FEC* (4<sup>th</sup> Circuit Court of Appeals, 2001). See also, *FEC v. Christian Action Network* (4<sup>th</sup> Circuit Court of Appeals, 1996) and *Iowa Right to Life Committee, Inc. v. Williams* (8<sup>th</sup> Circuit Court of Appeals, 1999). But see *FEC v. Furgatch* (9<sup>th</sup> Circuit Court of Appeals, 1987) upon which 100.22(b) was based.

## Disclaimer Notice Required

A communication representing an independent expenditure must display a disclaimer notice. See the next page for more information.

## Allocation Among Candidates

When an independent expenditure is made on behalf of more than one clearly identified candidate, the committee must allocate the expenditure among the candidates in proportion to the benefit that each is expected to receive. For example, in the case of a published or broadcast communication, the attribution should be determined by the proportion of space or time devoted to each candidate in comparison with the total space or time devoted to all the candidates. 104.10; 106.1 (a).

## Reporting Requirements

A party committee must report all independent expenditures. Reporting requirements are explained on page 76.

## Contributing to Committees That Make Independent Expenditures

A contribution by a party committee to a committee that makes independent expenditures is subject to the \$5,000 per calendar year limit. 110.1 (d).

A contribution to a committee that supports only one candidate, however, is subject to the committee's per candidate, per election limit. 110.1 (h).

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## 4. Communications that are Federal Election Activity

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Certain activities are restricted under the Act when they qualify as federal election activity (FEA). The restrictions include certain communications.

A public communication that refers to a clearly identified candidate for federal office and that promotes, attacks, supports or opposes any candidate for federal office is FEA. The communication does not need to expressly advocate the election or defeat of the federal candidate to qualify as federal election activity.

For further information on all types of federal election activity, see chapter 8.

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## 5. Electioneering Communications

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Certain communications by unregistered party organizations may qualify as electioneering communications. Those same communications by registered party committees will not be deemed electioneering communications.

Electioneering communications are any broadcast, cable or satellite communication that 1) refers to a clearly identified federal candidate, 2) is publicly distributed within 60 days of a general election or 30 days of a primary, and 3) is targeted to the relevant electorate, in the case of House and Senate candidates. 100.29(a).

Electioneering communications must be paid for with funds that are not from corporations, labor organizations or other prohibited sources.<sup>6</sup>

Unregistered political organizations report electioneering communications on Form 9. However, registered party political committees simply report them as disbursements on Form 3X.

For more information, see the brochure "Electioneering Communications," available from the FEC.

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<sup>6</sup> Unregistered party organizations that incorporate for liability purposes nonetheless may use permissible funds to make electioneering communications. 114.2(b)(2)(iii).

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## 6. Disclaimer Notices on Communications

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Any public communication made by a political committee—including communications that do not expressly advocate the election or defeat of a clearly identified federal candidate or solicit a contribution—must display a disclaimer. 110.11 (a)(1).

### Types of Communications

The disclaimer requirements apply to public communications, including “communications through any broadcast, cable or satellite transmission, newspaper, magazine, outdoor advertising facility, mailing or other type of general public political advertising.” 100.26.

These requirements also apply to political committees’ web sites, to unsolicited e-mail of more than 500 substantially similar communications and to any “electioneering communication.”

### Wording of Disclaimer

#### Communications not Authorized by a Candidate

Communications not authorized by a candidate or his/her campaign committee, including any solicitation, must disclose the permanent street address, telephone number or web site address of the person who paid for the communication, and also state that the communication was not authorized by any candidate. 110.11 (b) and 110.11 (d)(3).

Example: “Paid for by the XYZ State Party Committee ([www.XYZ.org](http://www.XYZ.org)) and not authorized by any candidate or candidate’s committee.”

For a radio or television communication that is not authorized by a candidate, a representative of the individual or group paying for the communication must state that “XXX is responsible for this communication,” where “XXX” is the name of the political committee or other person who paid for the communication. If applicable, the name of the sponsoring committee’s connected organization is also required in the disclaimer.<sup>7</sup>

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<sup>7</sup> In addition, communications transmitted through telephone banks, defined by 11 CFR 100.28 as more than 500 substantially similar calls within 30 days, must carry this same disclaimer statement.

#### Communications Authorized by a Candidate

The disclaimer for a communication authorized by a candidate or candidate’s committee, but paid for by any other person, must state both who paid for the communication and that it was authorized by that candidate.

Example: “Paid for by the XYZ State Party Committee and authorized by the John Doe for Congress Committee.”

#### Coordinated Party Expenditures

On a communication that is made as a coordinated party expenditure before a nominee is chosen, the disclaimer notice need only identify the committee that paid for the message. 110.11 (d).

Example: “Paid for by the XYZ State Party Committee.”

Once a candidate has been nominated for the general election, the disclaimer notice must also state who authorized the communication and comply with the other applicable requirements listed below.

Example: “Paid for by the XYZ State Party Committee and authorized by John Doe for Congress Committee.”

#### Exempt Party Activity

On exempt activity communication such as campaign materials, the disclaimer notice must identify the committee that paid for the message, but need not state whether the communication is authorized by a candidate.

Example: “Paid for by the XYZ State Party Committee.”

#### Visibility Requirements

All disclaimers must be “clear and conspicuous” regardless of the medium in which the communication is transmitted. A disclaimer is not clear and conspicuous if it is difficult to read or hear, or if its placement is easily overlooked. 110.11 (c)(1).

#### Specific requirements for radio and television communications.

For radio and television communications authorized by a candidate, the candidate must deliver an audio statement identifying himself or herself, and stating that he or she has approved the communication. For example, the candidate could state “My name is \_\_\_\_\_ and I approved this

message.” See AOs 2004-10 and 2004-1. For a television communication, this disclaimer must be conveyed by either:

- A full-screen view of the candidate making the statement; or
- A “clearly identifiable photographic or similar image of the candidate” that appears during the candidate’s voice-over statement. 110.11 (c)(3)(ii)(A) and (B).

In the case of a televised ad not authorized by a candidate, the disclaimer must also include a statement that is conveyed by a full screen view of a representative of the political committee or other person making the statement, or a voice-over by the representative.

Both authorized and unauthorized television communications must also contain a “clearly readable” written statement that appears at the end of the communication, for a period of at least four seconds with a reasonable degree of color contrast between the background and the disclaimer statement. The written statement must occupy at least four percent of the vertical picture height, and it must be shown for a period of four seconds. 110.11 (c)(3)(iii) and 110.11 (c)(4).

## Safe harbor for television communication disclaimers

A still picture of the candidate shall be considered “clearly identifiable” if it occupies at least 80 percent of the vertical screen height; and

Disclaimers that are printed in black text on a white background, as well as disclaimers that have at least the same degree of contrast with the background color as the degree of contrast between the background color and the color of the largest text used in the communication, will be considered “clearly readable.” 110.11 (c)(3)(iii)(C).

## Specific requirements for printed communications.

Printed materials must contain a printed box that is set apart from the contents in the communication. The disclaimer print in this box must be of sufficient type size to be “clearly readable” by the recipient of the communication, and the print must have a reasonable degree of color contrast between the background and the printed statement. 110.11 (c)(2)(ii) and (iii).

The regulations contain a safe harbor that establishes a fixed, twelve-point type size as a sufficient size for disclaimer text in newspapers, magazines, flyers, signs and other printed communications that are no larger than the common poster size of 24 inches by 36 inches. 110.11 (c)(2)(i). Disclaimers for larger communications will be judged on a case-by-case basis.

The regulations additionally provide two safe harbor examples that would comply with the color-contrast requirement:

- The disclaimer is printed in black text on a white background; or
- The degree of contrast between the background color and the disclaimer text color is at least as great as the degree of contrast between the background color and the color of the largest text in the communication. 110.11 (c)(2)(iii).<sup>8</sup>

## Multiple-Paged Document

A disclaimer need not appear on the front page or cover of a multiple-paged document. 110.11 (c)(2)(iv).

## Package of Materials

Each communication that would require a disclaimer if distributed separately must still display the disclaimer when included in a package of materials. 110.11 (c)(2)(v). For example, if a campaign poster is mailed with a solicitation for contributions, a separate disclaimer must appear on the solicitation and the poster.

## When Disclaimer Not Required

A disclaimer is not required:

- When it cannot be conveniently printed (e.g., pens, bumper stickers, campaign pins, campaign buttons and similar small items).
- When its display is not practicable (e.g., clothing, water towers and skywriting).
- When the item is of minimal value, does not contain a political message and is used for administrative purposes (e.g., checks and receipts). 110.11 (f). See AOs 2004-10 and 2002-9.

<sup>8</sup> Please note these examples do not constitute the only ways to satisfy the color contrast requirement.

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## CHAPTER 10

# Keeping Records

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## 1. Treasurer's Duties

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The treasurer is responsible for complying with recordkeeping requirements, even if he or she appoints someone else to keep the committee's records. Advisory Opinion (AO) 1995-10. The treasurer is responsible for:

- Keeping required records on all receipts and disbursements. 102.9(a) and (b)(1); see also 104.3(a)(2), (a)(4), (b)(1), and (b)(3). (Specific requirements are explained below.)
- Retaining a copy of each statement, disclosure report and notice filed under the Federal Election Campaign Act (the Act), along with original backup records relevant to the report or notice (such as bank statements, paid invoices, etc.). 104.14(b)(1) and (2).
- Preserving the above records for 3 years after the related report or statement is filed and making them available to the Commission upon request. 102.9(c) and 104.14(b)(3).
- Exercising "best efforts" to obtain, maintain and report required information and keeping a complete written record on such efforts for the required 3-year period. 102.9 (d). See page 52.

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## 2. Receipts

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### Records Needed

With respect to receipts, the Act requires that records be kept only for contributions. Nevertheless, committees are advised to keep records on all receipts in order to comply with the reporting requirements (Chapter 12).

### All Receipts

For each receipt, a treasurer should record the following information:

- Amount received;
- Date of receipt; and
- Name and address of source. See 102.9(a)(1).

### Contributions Aggregating Over \$200

Records must additionally identify the occupation and employer of an individual contributor whose contribution exceeds \$200 or aggregates over \$200 when added to previous contributions made during the calendar year. 100.12 and 102.9(a)(2).

### Contributions over \$50

In addition to any other recordkeeping requirements, committees must retain a full-size photocopy or digital image of the check for any contribution over \$50. 102.9(a)(4).

### Small Contributions Collected at Fundraising Event

When a committee receives a large number of contributions of \$50 or less at a fundraising event, records need identify only the name of the event and the total amount received on each day of the event. AOs 1981-48 and 1980-99. These amounts are reported under the category "unitemized contributions from individuals" (see page 66).

### Small Contributions Collected Through Tax Checkoff

When a committee receives small contributions in the form of state tax checkoff funds (see page 16), records on individual contributors are not required. The contributions are reported as "unitemized contributions from individuals." AO 1983-15. However, the committee must keep a record of the state government source, the date of receipt and the amount received.

### Reattributed Contributions

For each reattributed contribution, a committee must keep a copy of the reattribution as well as documentation verifying that the reattribution was received within 60 days after the committee's receipt of the original contribution. If these records are not kept, the reattribution is not effective. 102.9(f); 110.1(k)(3)(ii)(A); 110.1(l)(3), (5) and (6).

### **Possibly Illegal Contributions**

A committee must keep a written record noting the basis for concern for each deposited contribution that:

- Requires a written reattribution from the contributor; or
- Requires confirmation that it is not from a prohibited source. 103.3(b)(5).

See “Handling Illegal Contributions,” page 19.

### **Date of Receipt**

#### **General Rule**

A contribution’s date of receipt is the date on which the person receiving the contribution on behalf of the committee obtains possession of it. 102.8(a) and (b)(2). That is the date used for recordkeeping and reporting.

The date of receipt may be earlier than the date the committee treasurer receives the money, since a person collecting contributions (other than an authorized agent) has 10 days (or 30 days for contributions of \$50 or less) in which to forward them to the treasurer. 102.8(b). (See “Forwarding Contributions,” page 18.)

#### **Contributions Charged on Credit Cards**

When the committee receives contributions through credit card charges, the date of receipt is the date on which the committee receives the contributor’s signed authorization to charge the contribution. The treasurer should retain a copy of the authorization form in the committee’s records. See, e.g., AO 1990-4; see also AOs 1995-9 and 1999-22.

#### **In-Kind Contributions**

The date of receipt for an in-kind contribution is the date the goods or services are provided to the committee, even if the contributor pays the bill for the goods or services after they are provided. See 110.1(b)(6).

(For information on how to determine the value an in-kind contribution, see page 10.)

### **Deposit of Receipts**

Once the treasurer (or authorized agent) receives a contribution or other receipt, he or she must deposit it within 10 days. Contributions not deposited within 10 days must be returned to their donors. 103.3(a).

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## **3. Disbursements**

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### **Check and Cash Disbursements**

Disbursements must be made by check or similar draft drawn on an account maintained at the committee’s designated campaign depository. 102.10 and 103.3(a).

A committee may make disbursements from a petty cash fund, but petty cash payments to one person for any one purchase or transaction may not exceed \$100. 102.11.

Regardless of whether a disbursement is made by check or from a petty cash fund, the required recordkeeping information must be maintained.

### **Records Needed**

#### **All Disbursements**

Each disbursement must be identified by:

- Date;
- Amount of payment;
- Name and address of payee; and
- Purpose of disbursement (a brief explanation of why the disbursement was made, such as “dinner expenses” or “postage”). 102.9(b)(1).

#### **Disbursements Exceeding \$200**

For each disbursement of more than \$200, the committee must keep a receipt, invoice or canceled check (in addition to the information above). 102.9(b)(2).

#### **Contributions and Expenditures on Behalf of Candidates**

A committee must keep the following records on contributions and expenditures made on behalf of candidates:

- Date;
- Amount;
- Name of candidate and office sought by candidate, including the state and, for House candidates, Congressional district (102.9(b)(1)(ii) and (iii)); and
- Election for which a contribution was made (to facilitate reporting).

#### **Credit Card Transactions**

For each credit card transaction, a committee must retain a monthly billing statement or customer receipt and the canceled check used to pay the account. 102.9(b)(2)(ii).

### Credit Union Checks or Share Drafts

A committee may use carbon copies of share drafts or checks drawn on a credit union account provided it also retains the monthly account statement (showing that the draft or check was paid by the credit union). 102.9(b)(2)(iii).

## 4. Treasurer's Best Efforts

Party committees and their treasurers must make best efforts to obtain, maintain and report the information required by law with respect to itemized receipts and disbursements. 102.9(d). When reporting information is incomplete, the committee and the treasurer will be in compliance with the law if they can demonstrate that they used "best efforts" in trying to obtain and report the needed information. 104.7(a). The criteria for making "best efforts" vary, depending on the type of transaction.

### Contributor Information

If an individual who has contributed more than \$200 during the calendar year fails to provide the required recordkeeping information (i.e., name, address, occupation and employer), the committee must be able to show that it made "best efforts" to obtain and report that information. To demonstrate "best efforts," the committee must be able to show that it requested the information—first, in the solicitation materials that prompted the contribution and, second, in a follow-up request. Furthermore, if requested information is not received until after the contribution has been reported, the committee must report the information using one of the procedures described under "File Amendments If Necessary," below.

### Solicitation Materials

To satisfy the "best efforts" standard, solicitation materials must include an accurate and clear statement of the law's requirements for the collection and reporting of contributor information. The following examples are acceptable wording that may be included in the solicitations (other statements of similar meaning may also be used):

- Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 in a calendar year.

- To comply with federal law, we must use best efforts to obtain, maintain, and submit the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 per calendar year.

The request and the statement must appear in a clear and conspicuous manner on both the committee's solicitations and response materials. The request and statement will not be considered to be "clear and conspicuous" if:

- The request and statement are printed in smaller type than the solicitation and response materials;
- The printing is difficult to read; or
- The request and statement are placed where they may be easily overlooked. 104.7(b)(1).

### Follow-Up Request Within 30 Days

If the contributor does not provide sufficient reporting information when making a contribution, the committee must make at least one request for the information after the contribution is received. This follow-up request must be made for any solicited or unsolicited contribution that exceeds the \$200 threshold and lacks the necessary information (see "Contributions Aggregating over \$200" on page 50).

The request must be made within 30 days of receipt of the contribution; it may not include an additional solicitation or material on any other subject, but it may thank the contributor. The follow-up request may be made orally or in writing, but a written request must be accompanied by a pre-addressed postcard or envelope for the response. Requests made by telephone must be documented in a memorandum. A political committee may also use e-mail to request missing contributor information. AOs 1999-17 and 1995-9. Committees must retain records of follow-up requests. 102.9(d) and 104.7(b)(2).

### Use of Information from Prior Records

If the contributor does not respond to the follow-up request, but the committee possesses the information in its contributor records, fundraising records or prior reports filed during the same two-year *election cycle*, then the committee must use that information when disclosing the contribution. 104.7(b)(3).

## File Amendments If Necessary

If requested information about a *contribution* is received after the contribution has been disclosed on a report, the committee must either:

- File amendments to the original reports; or
- File a *memo* Schedule A with its next regularly scheduled report, listing all contributions for which new contributor information has been received.

In either case, the entries must cross-reference to the prior reports to which they relate. However, the committee is only required to submit the information for contributions received during the current two-year election cycle. 104.7(b)(4). See “Filing Amendments” on page 83 for instructions on filing amendments.

## Documenting a Contribution’s Legality

In order to determine whether a contribution of questionable legality was made by a permissible source and was not excessive, the treasurer must make at least one written or oral request for evidence of the contribution’s legality. 103.3(b)(1). See also page 19, “Handling Illegal Contributions.”

## Documenting Disbursements

If a treasurer fails to receive a receipt, invoice or canceled check (required for disbursements exceeding \$200), he or she must make at least one written effort per transaction to obtain a duplicate copy of the needed documentation. 102.9(d).

## CHAPTER 11

# Filing FEC Reports

Once an organization has triggered political committee status, it must begin to file reports of receipts and disbursements on FEC Form 3X and supporting schedules.

This chapter explains when and where to file FEC reports.

## 1. Treasurer’s Duties

The treasurer of a committee has the following reporting responsibilities:

- Signing and filing complete, accurate reports and statements on time. 104.14(a) and (d).
- Making “best efforts” to obtain and report required information (see previous page). 102.9(d) and 104.7(a).
- Retaining a copy of each report (and pertinent backup records) for 3 years. 102.9(c) and 104.14(b).
- Continuing to file required reports until the committee has filed a termination report and the FEC notifies the party committee that the termination report has been accepted. 102.3(a).

In the treasurer’s absence, only an assistant treasurer designated on the committee’s Statement of Organization may sign reports and assume the treasurer’s duties. 102.7(a). See page 6 for more information.

## 2. Reporting Deadlines

### Report on Time

Committee treasurers must file reports on time. The Commission cannot grant extensions to reporting deadlines. Filing reports late or not at all may result in enforcement action, including administrative fines. See below.

### Filing Date

Unless sent by registered or certified mail, priority or express mail having a delivery confirmation or an overnight delivery service with an online tracking system, a report is considered to be filed on time if it reaches the appropriate federal and state

filing offices by close of business on the filing date. 104.5(e). Thus, reports filed by first class mail or by hand delivery must be received by the FEC by the filing date.

A filing date is not extended even if it falls on a weekend or holiday, when filing offices are closed. In such cases, the report should reach the filing offices by the last working day before the filing date.

### **Registered, Certified, Priority or Express Mailing Date**

If a report is sent by registered or certified mail, or by priority or express mail having a delivery confirmation, it is considered filed on time if postmarked by the filing date. Exception: In the case of a pre-election report, the report must be postmarked at least three days before the filing date. 104.5(e).

### **Overnight Delivery Date**

If a report is sent by overnight delivery service with an online tracking system, it is considered filed on time if delivered to the overnight service by the filing date. Committees should keep the mailing receipt with its postmark, or a similar document if a private overnight delivery service is used, as proof of filing.

Exception: In the case of a pre-election report, the report must be delivered to the overnight service at least three days before the filing date.

### **Electronic Filing**

An electronic report is considered “filed” when it is received and validated by the Commission’s computer system on or before 11:59 p.m. (in Washington, D.C.) on the filing date. Incomplete or inaccurate reports that do not pass the FEC’s validation program will not be considered filed. The Commission will notify the filer if the report is not accepted. If the report is accepted, the Commission will send the filer a receipt.

An electronic filer that files its report on paper, instead of electronically, is considered a nonfiler. 104.18(e)(2).

## **Administrative Fines for Late Filers and Nonfilers**

The Commission has implemented an Administrative Fine Program, based on amendments to the Federal Election Campaign Act,<sup>1</sup> for assessing civil money penalties for violations involving:

- Failure to file reports on time;
- Failure to file reports at all; and
- Failure to file 48-hour notices (campaign committees). 111.30.

If the Commission finds “reason to believe” (RTB) that a committee violated the law, the Commission will notify the committee in writing of its finding and the amount of the civil money penalty.<sup>2</sup> The committee will have 40 days to either pay the penalty or submit a written challenge to the Commission action. If the committee challenges the finding, the Commission will turn the case over to an independent reviewing officer who was not involved in the RTB finding. After the Commission considers the reviewing officer’s recommendation and the committee’s response to it, the Commission will make a final determination whether the committee violated 2 U.S.C. §434(a) and, if so, will assess a civil money penalty based on the schedule of penalties. If the committee does not respond to the Commission’s original RTB finding, the Commission also will make a final determination with an appropriate civil money penalty. The committee will then have 30 days to pay the penalty or seek court review of the case.<sup>3</sup>

### **Information on Reporting Dates**

To ensure timely filing, treasurers (and those who fill out reports) should read the FEC reporting notices mailed two weeks before most reporting deadlines. They should also consult the FEC’s newsletter, the *Record*, and the FEC’s web site ([www.fec.gov](http://www.fec.gov)) for upcoming reporting dates.

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<sup>1</sup> Public Law 106-58, 106<sup>th</sup> Cong., Section 640, 113 Stat. 430, 476-77 (1999). See also Public Law 108-199, 108<sup>th</sup> Cong., Section 639, 118 Stat. 3, 359, (2004).

<sup>2</sup> The civil money penalty is calculated according to a set schedule that may be viewed at the FEC’s web site ([www.fec.gov](http://www.fec.gov)) and at 11 CFR 111.43. In those cases where the report in question has not been filed, the civil money penalty included with the RTB finding will be based upon the estimated level of activity.

<sup>3</sup> For more information on the Administrative Fine Program, see 11 CFR 111.30 to 111.45, Subpart B.

## 3. When to File

General rules on when to file reports are outlined below. To assist treasurers, the FEC sends committees notices of upcoming report deadlines. Additionally, the *Record*, the FEC's monthly newsletter, publishes reporting announcements, as does the FEC's web site, [www.fec.gov](http://www.fec.gov).

### Monthly Reporting

All national party committees and any state, district or local party committee that engages in reportable FEA must file monthly. 300.36(c).

All committees, including those which file monthly, must file a year-end report due January 31<sup>st</sup> of the next year. Also, in even-numbered years, party committees that generally file monthly reports file pre-general and post-general election reports in lieu of the reports otherwise due in November and December.

Other State, district and local party committees may file quarterly in election years and semiannually in nonelection years. They may also choose to file monthly. 104.5(c). See page 57.

### Election Year Reporting for Quarterly Filers

Election years are years in which there are regularly scheduled federal elections (i.e., even-numbered years). The following reports are required from committees filing on a quarterly schedule during an election year:

#### Three Quarterly Reports

Under the quarterly schedule, a committee must file three quarterly reports, due respectively on the 15th of April, July and October. A quarterly report covers activity that occurred after the closing date of the previous report through the end of the calendar quarter (i.e., through March 31, June 30 and September 30). 104.5(c)(1)(i)(A)–(B).

The Commission will waive a quarterly report if a pre-election report (see below) is due between the 5th through the 15th of the month following the close of the calendar quarter 104.5(c)(1)(i)(C). Committees should check with the FEC to verify a quarterly report waiver.

### Primary Election Reporting

#### 12-Day Pre-Primary Report

In addition to filing quarterly reports, a committee may have to file pre-primary reports. A pre-primary report is required if the committee makes contributions or expenditures in connection with a primary election during the coverage dates for the primary report: the day following the close of books of the previous report through the 20th day before the primary. The report is due no later than the 12th day before the primary election. If sent by registered, certified mail, or priority or express mail having a delivery confirmation, the report must be postmarked no later than the 15th day before the election. 104.5(a)(1)(i).

To avoid the pre-primary filing obligation, a committee may change from a quarterly to a monthly filing schedule; see page 57.

Note that the FEC does not automatically send party committee treasurers notices and forms for pre-primary reports. The treasurer is responsible for determining whether the committee must file a pre-election report.

Example: A committee files its first quarterly report, covering activity through the March 31 closing date. On May 17, the committee makes a contribution to a candidate running in a June 7 primary. Because the May 17 contribution falls within the coverage dates for the pre-primary, i.e., from April 1 (day after the closing date of previous report) through May 18 (20 days before election), the committee must file the pre-primary report. The report must reach the appropriate state and federal filing offices by May 26 (12 days before election). If sent by registered or certified mail, or priority or express mail having a delivery confirmation, the report must be postmarked by May 23 (15 days before election).

The committee's next report is the second quarterly report, due July 15. It should cover activity from May 19 (day after closing date of pre-primary report) through June 30. Because this is not a pre-election report, the report may be postmarked as late as the July 15 filing date if sent by registered or certified mail, or priority or express mail having a delivery confirmation.

#### No Post-Primary Report

There is no requirement for a post-primary report. By contrast, all party committees must file a post-general election report, as explained below.

## General Election Reporting

### 12-Day Pre-General Election Report

A committee must file a pre-general election report covering activity that occurred after the closing date of the previous report through the 20th day before the general election if the committee makes contributions or expenditures in connection with the general election during that period. The report is due no later than the 12th day before the general election unless sent by registered or certified mail, or priority or express mail having a delivery confirmation, in which case the report must be postmarked no later than the 15th day before the election. 104.5(c)(1)(ii).

### 30-Day Post-General Election Report

Regardless of its activity, a party committee *must* file a post-general election report. The report covers activity that occurred after the closing date of the previous report through the 20th day after the general election. The report is due 30 days after the election. 104.5(c)(1)(iii).

Example: A party committee that does not engage in federal election activity files its third quarterly report, covering activity through September 30. On October 1, the committee makes a *coordinated party expenditure* on behalf of a candidate running in the general election. (For purposes of this example, the general election is on November 5.) The committee must therefore file a pre-general election report to disclose the October 1 expenditure. The report covers activity from October 1 (day after closing date of previous report) through October 16 (20 days before election). It is due by October 24 (12 days before election). Because it is a pre-election report, it must be postmarked no later than October 21 (15 days before election) if sent by registered or certified mail, or priority or express mail having a delivery confirmation.

Although the committee does not make any further contributions or expenditures in connection with the general election, it is still required to file a post-general election report. The report covers activity from October 17 (day after closing date of pre-election report) through November 25 (20 days after the November 5 election). It must be received by the appropriate federal filing office by December 5 (30 days after election) or postmarked by that date if sent by registered or certified mail, or priority or express mail having a delivery confirmation.

## Year-End Report

A year-end report, covering activity from the close of the previous report through December 31, is due on January 31 of the following year. 104.5(c)(1)(i)(A)–(B).

## Nonelection Year Reporting for Quarterly Filers

Nonelection years are years in which there are no regularly scheduled federal elections (i.e., odd-numbered years).

During a nonelection year, quarterly filers automatically switch to a semiannual reporting schedule. Two semiannual reports are required:

- The mid-year report, covering activity from January 1 through June 30, must be filed by July 31; and
- The year-end report, covering activity from July 1 through December 31, must be filed by January 31 of the following year. 104.5(c)(2)(i).

If the committee makes contributions or expenditures in connection with a special election, it may have additional reporting responsibilities, as explained below.

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## 4. Monthly Reporting

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### Monthly Filing Schedule

A committee filing on a monthly schedule files reports covering each month's activity by the 20th of the following month. For example, January activity is filed in the monthly report due February 20. There are, however, certain exceptions to this schedule in both election and nonelection years. 104.5(c)(3)(ii) and 104.5(k).

### Election Year Reporting

In an election year, the last regularly scheduled monthly report is the one covering September activity (due October 20). In lieu of the reports covering October and November activity, the committee files a 12-day pre-general election report and a 30-day post-general election report. The last report of the year, covering activity that occurred from the closing date of the post-general report through December 31, is the year-end report, due by January 31 of the following year. 104.5(c)(3)(ii); see also 2 U.S.C. §434(a)(4)(b).

## Nonelection Year Reporting

There may be two exceptions to regular monthly reporting in a nonelection year. First, the last report of the year, normally covering December activity, is called a year-end report and is due January 31. 104.5(c)(3)(i) – (ii); see also 2 U.S.C. 434(a)(4)(B). Second, a monthly report may be waived by the FEC for committee filing special election reports if a monthly report is due within 10 days of the date of the special election report is due. 104.5(h).

## Changing the Filing Schedule

Committees that are not required to file monthly may change their filing schedule from quarterly to monthly (or vice versa) only once per calendar year. The treasurer must notify the FEC in writing at the time it files a required report under its current filing schedule before changing its filing schedule. The committee will then be required to file the next report under its new filing schedule. Electronic filers must file this notification electronically. 104.5(c).

## 5. Special Elections

Committees making contributions or expenditures in connection with a *special election* may be required to file special election reports. Filing dates for special elections are published in the *Federal Register* and the *FEC Record*. 104.5(h)(1). Committees filing on a monthly basis, however, are not required to file special election reports (see below).

If a regularly scheduled report is due within 10 days of the date a special election report is due, the Commission may waive the regular report for committees required to file the special election report. 104.5(h)(2). Committees should check with the FEC to verify whether a report has been waived.

## 6. Electronic Filing

A committee must file all reports and statements electronically if it receives contributions or makes expenditures that exceed \$50,000 in any calendar year, or expects to do so. Committees that are required to file electronically, but that file on paper or fail to file, will be considered nonfilers and may be subject to enforcement action. 104.18(a)(2). See page 54, “Administrative Fines for Late Filers and Nonfilers.”

Because electronic filing is more efficient and cost effective than paper filing, even committees that do not meet the \$50,000 threshold requirement are encouraged to choose to file their reports electronically. Please note, however, that voluntary electronic filers must continue to file electronically for the remainder of the calendar year unless the Commission determines that unusual circumstances make continued electronic filing impractical. 104.18(b).

## Methods of Electronic Filing

Most committees filing electronically find it convenient to do so via an Internet connection with a password (see “Treasurer’s Duties” on page 5). Committees may, however, submit their electronic reports on 3.5” diskettes (either hand delivered or sent by other means such as U.S. Postal Service). Electronic filers must file *all* their reports electronically, and the reports must adhere to the FEC’s Electronic Filing Specifications Requirements.<sup>4</sup> 104.18(d). Committees filing electronically on diskette must also submit a written certification—signed by the treasurer or assistant treasurer—either on paper (e.g. a signed first page of FEC Form 3X) or as a separate file with the electronic report, verifying that the treasurer has examined the documents and that, to the best of his or her knowledge, the report is correct, complete and true. 104.18(g)

<sup>4</sup> Available online at the FEC web site [www.fec.gov](http://www.fec.gov) or on paper from the FEC.

## Calculating the Threshold

Committees should use the following formulas to determine if their total expenditures or total contributions are over \$50,000 per calendar year:

Total Contributions Received<sup>5</sup>  
 - Refunds of Contributions  
 + Transfers from Affiliated or Other Party Committees  
 = Total Contributions

or

Total Federal Expenditures  
 + Federal Contributions Made  
 + Transfers to Affiliated Federal Committees or Other Party Committees  
 + Independent Expenditures  
 + Coordinated Party Expenditures  
 = Total Expenditures

## Have Reason to Expect to Exceed the Threshold

Once committees actually exceed the \$50,000 yearly threshold, they have “reason to expect to exceed” the threshold in the following two calendar years. 104.18(a)(3)(i). Consequently, committees must continue to file electronically for the next two calendar years (January through December).

### Committees With No History

New committees with no history of campaign finance activity have reason to expect to exceed the \$50,000 yearly threshold if:

- The committee receives contributions or makes expenditures that exceed one-quarter of the threshold amount in the first calendar quarter of the calendar year (i.e., exceeds \$12,500 by the end of March); or
- The committee receives contributions or makes expenditures that exceed one-half of the threshold amount in the first half of the calendar year (i.e., exceeds \$25,000 by the end of June).

104.18(a)(3)(ii).

## Verification Requirements

The political committee’s treasurer must verify the electronically filed reports by:

- Using a personal password from the FEC (see below);
- Submitting a signed certification on paper along with the diskette; or
- Submitting a digitized copy of the signed certification as a separate file in an electronic submission.

The signed verification must certify that the treasurer or assistant treasurer has examined the submitted report, and that, to the best of his or her knowledge, the report is true, correct and complete. 104.18(g).

## Obtaining a Password

### Requesting a Password

A committee’s treasurer or assistant treasurer can obtain a password by faxing a request letter to the password office at 202/219-0674. Requests may also be mailed to the Federal Election Commission, 999 E Street N.W., Washington, DC 20463. A password request must:

- Include the committee’s name and nine-digit FEC identification number;
- Be signed by the treasurer and also by the assistant treasurer if the assistant treasurer is the individual requesting the password;
- Include the treasurer’s phone number and, if applicable, the phone number of the assistant treasurer; and
- Be printed on the committee’s letterhead (if the committee has official letterhead).

A sample request can be viewed on the FEC’s web site at

<http://www.fec.gov/elecfil/passreqlet.html>.

Requests sent by fax can usually be processed within a few hours. However, committees are encouraged to request a password as early as possible. Requests received near a filing deadline may take as long as two or three business days to process, which may preclude timely filing.

### Assigning the Password

Once the password office receives the letter requesting a password, it will verify that the requester is listed as the treasurer (and assistant treasurer, if applicable) of that committee on that committee’s Statement of Organization (FEC Form 1). Only the committee’s treasurer and assistant treasurer can receive a password.

<sup>5</sup> Including the outstanding balance of any loans.

If the requester is listed on the Statement of Organization, then a representative from the password office will call the requester and ask him or her to choose a password. This password will be assigned immediately. Passwords are case sensitive and must be entered exactly as initially assigned.

If the requester is not listed on the Statement of Organization (e.g. the committee has a new treasurer), he or she must submit a password request letter, as described below.

## New Treasurers

When a committee appoints a new treasurer, it must amend its Statement of Organization to disclose the change. In order to do so, the new treasurer may need to request a new password. Since the treasurer's name and signature do not appear on the committee's existing Statement of Organization, they must include the following sentence in the password request letter: "I represent that I am the duly appointed treasurer and have authority as such to sign FEC reports for the above committee."

Once a password is received, the new treasurer can file the amended Form 1 to indicate the change of position.

## Lost or Forgotten Password

The Commission cannot provide a treasurer's password to a treasurer or committee if a treasurer forgets or loses the password because the passwords are encrypted. Instead, the treasurer must ask for a new password, repeating the process described above.

## Special Requirements

The following documents have special signature and submission requirements:

- Schedule C1 (Loans and Line of Credit), including copies of loan agreements; and
- Form 8 (Debt Settlement Plan).

Schedule C1 and Form 8, in addition to being included in the electronic report, must be submitted on paper or in a digitized format (submitted as a separate file in the electronic report). 104.18(h).

## 7. Where to File

Committees must file FEC reports and statements simultaneously with the appropriate federal and state offices.

### Federal Filing

Party committees file reports and statements with the Federal Election Commission, 999 E Street, N.W., Washington, DC 20463. 105.4. Exception: Party committees supporting only Senate candidates file with the Secretary of the Senate, 105.2.

Note also that notices of last-minute independent expenditures on behalf of Senate candidates must be filed with the FEC. However, regularly scheduled reports of independent expenditures must be filed with the Secretary of the Senate. Notices of last-minute expenditures supporting or opposing House or Presidential candidates must be filed with the FEC. 104.4(b) and (c)(1) and (3).

### State Filing

In addition to filing with the federal government, committees must simultaneously file copies of reports with the Secretary of State (or other designated state officer) only in those states that have not received a waiver from the requirement to maintain copies of FEC statements and reports, as explained below. 108.1.

A list of addresses of state filing offices is available from the FEC.

With respect to FEC forms and statements other than Form 3X and supporting schedules, copies must be filed in the state in which the committee has its headquarters. 108.4.

### State Filing Waiver

Committees do not have to file copies of reports and statements with states that:

- Provide the public with the means to electronically access and duplicate the reports available on the FEC web site; and
- Have been granted a waiver by the Commission exempting them from the requirement to receive and maintain copies of FEC reports.<sup>6</sup>

108.1 (b).

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## 8. Public Review of Reports

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All reports filed by political committees are available for public inspection and copying in the FEC's Public Records Office. They are also available on the Commission's website ([www.fec.gov](http://www.fec.gov)). Copies of reports may also be purchased by mail. For more information, call 800/424-9530 or 202/694-1120.

### "Sale or Use" Restriction

The *Act* prohibits anyone from selling or using the names and addresses of individual contributors copied from FEC reports for commercial purposes or for the purpose of soliciting funds. This "sale or use" restriction, however, does not apply to the names and addresses of political committees that are disclosed in FEC reports. 104.15 and AO 2003-24.

### Sale or Use of Committee's Contributor's List

The sale or use restriction does not prevent a committee from compiling its own list of contributors and distributing it to others. Under certain conditions, a committee may donate, sell, trade or rent its own contributor list to other committees and organizations. AOs 2002-14, 1982-41 and 1981-53.

### "Salting" Reports to Detect Misuse

A committee may "salt" a report with up to 10 fictitious contributors (referred to under the law as "pseudonyms") to detect impermissible uses

of individual contributor information by other organizations. 104.3 (e)(1) and (e)(2).

Using the subtotal of unitemized contributions for the reporting period, the committee allocates some of those funds as itemized contributions from fictitious contributors, providing a real address for each fictitious entry on Schedule A (such as the address of a volunteer or committee staff member). The committee must accordingly adjust its subtotals for itemized and unitemized contributions on the Detailed Summary Page. (The itemized total will be overstated, while the unitemized total will be understated.) 104.3(e)(3).

On or before the day the committee files the report, it must send the list of the fictitious names used in the report under separate cover directly to the FEC's Reports Analysis Division, 999 E Street, NW, Washington, DC 20463. (The list should not be sent to any other filing office.) The FEC will not make the list public. 104.3(e)(5).

If a solicitation or commercial mailing is sent to the fictitious names, the committee will know that someone has illegally used the names of contributors disclosed in the report. The committee may then file a complaint with the FEC.

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<sup>6</sup> As of June 2004, the following states and territories have not been granted a waiver by the Commission: Montana, Puerto Rico and Guam. For an updated list of the states and territories that have been granted a waiver, see <http://www.fec.gov/pages/statefiling.shtml> For more information, see 11 CFR Part 108.

## CHAPTER 12

# Completing FEC Form 3X

## 1. Reporting Forms

FEC paper forms should be typed; printing in ink is also acceptable as long as the forms are legible. Because filings will be photocopied several times before being placed on the public record, the documents filed with the Commission (or Secretary of the Senate, if appropriate) should be the originals. Committees submitting illegible documents will be required to refile.

The treasurer should not forget to retain a photocopy of each report filed with the Commission, along with the appropriate records, for three years.

### Form 3X and Schedules

FEC Form 3X is the form used by party committees to disclose receipts and disbursements. The same form is used for all types of reports, including quarterly reports, semiannual reports, pre- and post-election reports and termination reports.

The Form 3X booklet contains:

- The Summary Page
  - The Detailed Summary Page
  - Schedule A—Itemized Receipts
  - Schedule B—Itemized Disbursements
  - Schedule C—Loans
  - Schedule C-1—Loans and Lines of Credit from Lending Institutions
  - Schedule D—Debts and Obligations
  - Schedule E—Independent Expenditures
  - Schedule F—Itemized Coordinated Party Expenditures
  - Schedules H1 -H6—Allocation of Federal Nonfederal and Levin Expenses (See Chapter 10 for information on the allocation schedules.)
  - Schedules L, L-A and L-B. – Receipts and Disbursements of Levin Funds
- Information entered on the Summary Page and

Detailed Summary Page is based on information from the schedules. The schedules, therefore, are normally filled out first. The instructions in this chapter begin with Schedule A.

### Electronic Filing

Committees filing with the FEC can take advantage of the electronic filing program. Reports can be filed electronically on a 3.5" diskette, via modem or via the Internet. For more information about electronic filing, including the mandatory electronic filing requirements that apply to some committees, see page 57 of this guide or contact the FEC.

While what follows in this chapter applies to both paper and electronic filers, electronic filers should consult their software providers for additional information.

### Computerized Forms

A committee that files on paper may use computer-produced versions of the Schedules included in Form 3X, but they must first be submitted to the Commission for approval. This rule applies even if the committee is using commercial software advertised as approved for FEC reporting. 104.2(d). Committees may also submit computer-generated Summary and Detailed Summary Pages, but these pages must be reproductions of the original FEC forms. See AO 1992-11.

Alternatively, continuous-feed versions of the Summary Page and the Detailed Summary Page are available from the Commission for use in a computer printer.

The committee should send samples of its proposed forms and schedules to the FEC's Reports Analysis Division. 104.2(d); FEC Directive 37.

### Forms Available on Faxline and FEC Web Site

#### Faxline

The reporting forms are available on the FEC's fax-on-demand service, Faxline, at 202/501-3413. Below are the document numbers of the reporting forms for party political committees:

- Form 1—Statement of Organization—#801
- Form 3X—Financial Reporting for Unauthorized Committees—#804
- Schedule A—Itemized Receipts—#825
- Schedule B—Itemized Disbursements—#826
- Schedule C and C-1—Loans—#827

- Schedule D—Debts and Obligations— #828
- Schedule E— Independent Expenditures-- #829
- Schedule F – Itemized Coordinated Party Expenditures -- #830
- Schedule H1 -H6 – Allocation -- #831
- Schedules L, L-A, L-B – Aggregation Page, Receipts and Disbursements of Levin Funds -- #832

### Web Site

All FEC reporting forms are also available on the FEC web site ([www.fec.gov/info/forms.shtml](http://www.fec.gov/info/forms.shtml)).

## 2. Itemized Receipts: Schedule A

### When to Itemize Receipts

#### Regardless of Amount

Several types of receipts must be itemized on Schedule A regardless of amount. They include:

- Contributions from political committees and similar organizations;
- Transfers from other party committees and party organizations;
- Transfers from nonfederal accounts and of Levin funds;
- Loans received;
- Loan payments received; and
- Refunded contributions received from political committees.

#### \$200 Threshold

A receipt in any of the following categories must be itemized if it exceeds \$200 per calendar year, either by itself or when aggregated with other receipts from the same source:

- Contributions from individuals and groups other than political committees;
- Offsets to operating expenditures (rebates, refunds and returns of deposits); and
- Other receipts (such as interest and dividends earned on invested funds).

#### Itemizing Receipts When Not Required

A committee that chooses to itemize all its receipts, regardless of the \$200 threshold, should use a separate Schedule A to itemize the small contributions (i.e., receipts that do not aggregate over \$200). The committee should include

those receipts in the total for Line 11 a(ii) on the Detailed Summary Page (see page 66).

### Categorizing Receipts

Before beginning to itemize the committee's receipts, separate them into the different categories listed on the Detailed Summary Page ("Contributions from Individuals," "Contributions from Political Committees," etc.; an illustration of a completed Detailed Summary Page appears on pages 66 and 70). The receipts in each category must be itemized on a separate Schedule A designated for that category.

Indicate the type of receipt itemized on a particular Schedule A by entering the corresponding line number from the Detailed Summary Page where indicated in the upper right corner of the schedule. The appropriate category of receipt may also be written at the top of each page.

Some categories may require several pages. The total for each category should be entered on the bottom line of the last page for that category.

### Itemized Information

For each itemized receipt, provide:

- The full name and address (including zip code) of the contributor or other source;
- The name of the contributor's employer (if the contributor is an individual);
- The contributor's occupation (if the contributor is an individual);
- The date of receipt;
- The amount;
- The aggregate, year-to-date total of all receipts (within the same category) from the same source. 104.3(a)(4); and
- The committee ID number of the contributor, if appropriate.

(The space indicating the election for which a contribution is made ("Receipt For") should be left blank by a party committee unless the receipt is a refund of a contribution made to a candidate.)

#### Special Employer Information

If a contributor is self-employed, that should be recorded in the Employer space. If a contributor is not employed, the Employer space should be left blank, but the Occupation space should always be completed (e.g., "unemployed," "retired," "homemaker").

## IN-KIND CONTRIBUTIONS

<b>SCHEDULE A (FEC Form 3X)</b>		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
<b>ITEMIZED RECEIPTS</b>		<input checked="" type="checkbox"/> 11a		<input type="checkbox"/> 11b		<input type="checkbox"/> 11c	
		<input type="checkbox"/> 13		<input type="checkbox"/> 14		<input type="checkbox"/> 15	
		<input type="checkbox"/> 16		<input type="checkbox"/> 17			
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Freedom Party State Committee							
Full Name (Last, First, Middle Initial) A. Blank, Jerri				Date of Receipt 03 / 18 / 2004			
Mailing Address 111 Lincoln Ave.				Amount of Each Receipt this Period 500.00			
City City		State ST		Zip Code 00000		In-kind raffle prize	
FEC ID number of contributing federal political committee. C				Aggregate Year-to-Date 500.00			
Name of Employer Eterna-Spring, Inc.		Occupation Chief Executive Officer					
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)							

<b>SCHEDULE B (FEC Form 3X)</b>		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
<b>ITEMIZED DISBURSEMENTS</b>		<input checked="" type="checkbox"/> 21b		<input type="checkbox"/> 22		<input type="checkbox"/> 23	
		<input type="checkbox"/> 24		<input type="checkbox"/> 25		<input type="checkbox"/> 26	
		<input type="checkbox"/> 27		<input type="checkbox"/> 28a		<input type="checkbox"/> 28b	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Freedom Party State Committee							
Full Name (Last, First, Middle Initial) A. Blank, Jerri				Date of Disbursement 03 / 18 / 2004			
Mailing Address 111 Flatpoint Ave.				Amount of Each Disbursement this Period 500.00			
City City		State ST		Zip Code 00000		in-kind	
Purpose of Disbursement Raffle Prize				Category/Type			
Candidate Name							
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)					
State: District:							

Itemize in-kind contributions on both Schedules A and B so as not to inflate the cash on hand balance.

### Best Efforts Required

Apply “best efforts” to obtain and report the information listed above. See page 52 for information.

### In-Kind Contributions

When determining whether to itemize an in-kind contribution, follow the same guidelines listed under “When to Itemize Receipts,” page 62. See page 10 for information on how to determine the dollar value of an in-kind contribution.

In addition, add the value of the in-kind contribution to the operating expenditure total on Line 21b (in order to avoid inflating the cash-on-hand amount). 104.13(a)(2).

If the in-kind contribution must be itemized on Schedule A, then it must also be itemized on a Schedule B for operating expenditures (see illustration).

### Appreciated Goods

When a committee receives an in-kind contribution whose value may appreciate over time, such as stock or artwork, special reporting rules apply:

- Itemize the initial gift, if necessary, as a memo entry on Schedule A. Under “Amount,” report the fair market value of the contribution on the date the item was received. (Reminder: the amount is subject to the \$10,000 contribution limit.) Do not include that amount in the total for Line 11a(i) on the Detailed Summary Page.
- Once the item is sold, report the sale price as a contribution on Line 11a(i) if the purchaser is known or as an “other receipt” on Line 15 if the purchaser is unknown. Itemize the transaction on Schedule A if necessary. 104.13(b). See also AO 1989-6.



## REATTRIBUTION RECEIVED

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE   OF
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) Blank, Bob		Date of Receipt 06 / 14 / 2004		
Mailing Address 111 Rumcake Rd. City State Zip Code City ST 00000		Amount of Each Receipt this Period 11,000.00		
FEC ID number of contributing federal political committee. C		MEMO - Originally disclosed in July Quarterly Report. See \$1,000.00 reattribution below.		
Name of Employer Lansing Sentinel Occupation Investigative Journalist		MEMO - Reattribution below.		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		Aggregate Year-to-Date 11,000.00		
Full Name (Last, First, Middle Initial) Blank, Bob		Date of Receipt 07 / 11 / 2004		
Mailing Address 111 Rumcake Rd. City State Zip Code City ST 00000		Amount of Each Receipt this Period -1,000.00		
FEC ID number of contributing federal political committee. C		MEMO - Reattribution below.		
Name of Employer Lansing Sentinel Occupation Investigative Journalist		MEMO - Reattribution.		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		Aggregate Year-to-Date 10,000.00		
Full Name (Last, First, Middle Initial) Blank, Sara		Date of Receipt 07 / 11 / 2004		
Mailing Address 111 Rumcake Rd. City State Zip Code City ST 00000		Amount of Each Receipt this Period 1,000.00		
FEC ID number of contributing federal political committee. C		MEMO - Reattribution.		
Name of Employer Warner Theater Occupation Actress		MEMO - Reattribution.		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		Aggregate Year-to-Date 1,000.00		

Use memo entries to show reattributions of excessive contributions

## RETURNED/BOUNCED CHECK

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE   OF
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) Deadbeat, John		Date of Receipt 06 / 27 / 2004		
Mailing Address 111 Insolvency Lane City State Zip Code City ST 00000		Amount of Each Receipt this Period -250.00		
FEC ID number of contributing federal political committee. C		Bounced check, Originally disclosed in April Quarterly Report.		
Name of Employer Self-employed Occupation Raconteur		Bounced check, Originally disclosed in April Quarterly Report.		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		Aggregate Year-to-Date 0.00		

## Refund of Excessive Portion

If the committee does not receive the reattribution, the committee must refund the excessive portion within 60 days of the treasurer's receipt of the contribution. Disclose the refund on the next report. 103.3(b)(3) and (5); 104.8(d)(4). See also "Refunds Made by the Committee," page 72.

## Memo Entry

Use a memo entry on a schedule (a dollar amount with the designation "memo") to provide information about a particular transaction when the amount of that transaction is not to be included in the total figure for that schedule (and the corresponding line number on the Detailed Summary Page). For example, a memo entry is used to disclose a reattribution of a contribution whose dollar amount has already been included in the total for Line 11.

## Bounced Checks

If a committee reports the receipt of a check and later finds it cannot be negotiated because of insufficient funds in the donor's account, the committee deducts the amount from its next report as follows:

- If the receipt was not itemized in a previous report, deduct the amount of the check from the total for unitemized contributions (Line 11a(ii)) on the Detailed Summary Page.
- If the receipt was itemized previously, itemize the return of the check as a negative entry on a Schedule A for the appropriate line number.

Checks received and returned by the bank in the same reporting period do not need to be reported.

### 3. Reporting Receipts: The Detailed Summary Page

Listed below are the categories of receipts found on the Detailed Summary Page. For each category, enter a total for the current period and for the year to date.

#### Line 11. Contributions

Report total monetary and in-kind contributions received, both itemized and unitemized.

##### Line 11a: Contributions from Individuals and Other Groups

Use Line 11a to report contributions from individuals and groups other than political committees (such as partnerships).

Itemize contributions that exceed the \$200 aggregate threshold on Schedule A; enter the total on Line 11a(i). Enter total unitemized contribution on Line 11a(ii). Enter total itemized and unitemized contributions from individuals/others on Line 11a(iii).

##### Line 11b: Political Party Committees

Leave this line blank: party committees report funds received from other party committees and party organizations as transfers-in on Line 12; see below.

##### Line 11c: Other Political Committees

Itemize contributions from nonparty political committees on Schedule A, regardless of amount, and enter the total on Line 11c.

##### Line 11d: Total Contributions

Enter the total of Lines 11a–c on Line 11d.

#### Line 12. Transfers-In

Itemize any transfers of funds received from other party committees or party organizations on a Schedule A (see example). Enter the total on Line 12.

### THE DETAILED SUMMARY PAGE

DETAILED SUMMARY PAGE of Receipts		
FEC Form 3X (Rev. 02/2003)		Page 3
Write or Type Committee Name Freedom Party State Committee		
Report Covering the Period:	From: 08 / 01 / 2004	To: 08 / 31 / 2004
I. Receipts	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
11. Contributions (other than loans) From:		
(a) Individuals/Persons Other Than Political Committees		
(i) Itemized (use Schedule A) .....	10,562.27	
(ii) Unitemized .....	9,982.57	
(iii) TOTAL (add Lines 11(a)(i) and (ii)) .....	20,544.84	97,967.46
(b) Political Party Committees .....	0.00	0.00
(c) Other Political Committees (such as PACs) .....	0.00	0.00
(d) Total Contributions (add Lines 11(a)(i), (b), and (c)) (Carry Totals to Line 33, page 5) .....	20,544.84	97,967.46
12. Transfers From Affiliated/Other Party Committees .....	2,156.85	5,605.69
13. All Loans Received .....	5,000.00	5,000.00
14. Loan Repayments Received .....	0.00	0.00
15. Offsets To Operating Expenditures (Refunds, Rebates, etc.) (Carry Totals to Line 37, page 5) .....	250.00	250.00
16. Refunds of Contributions Made to Federal Candidates and Other Political Committees .....	1,000.00	1,000.00
17. Other Federal Receipts (Dividends, Interest, etc.) .....	181.69	851.88
18. Transfers from Non-Federal and Levin Funds		
(a) Non-Federal Account (from Schedule H3) .....	2,983.32	7,824.30
(b) Levin Funds (from Schedule H5) .....	6,400.00	6,400.00
(c) Total Transfers (add 18(a) and 18(b)) .....	9,383.32	14,224.30
19. Total Receipts (add Lines 11(d), 12, 13, 14, 15, 16, 17, and 18(c)) .....	38,516.70	124,899.33
20. Total Federal Receipts (subtract Line 18(c) from Line 19) .....	29,133.38	114,747.78

#### Line 13. Loans Received

Itemize any loans received on a Schedule A. Enter the total amount on Line 13. Committees receiving loans must also file Schedules C and C-1. See page 79 for more information.

#### Line 14. Loan Repayments Received

Itemize any repayments received on loans made by the committee on a Schedule A. Enter the total on Line 14. Committees receiving loan repayments must also file Schedule C. See page 79.

## TRANSFERS-IN

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) A. National Freedom Party		Date of Receipt 08 / 20 / 2004		
Mailing Address 111 Leviathan Ave.		Amount of Each Receipt this Period 1,987.30		
City Washington	State DC	Zip Code 00000		
FEC ID number of contributing federal political committee. C 00300000				
Name of Employer	Occupation	Aggregate Year-to-Date 5,436.14		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)				
Full Name (Last, First, Middle Initial) B. Local Freedom Party		Date of Receipt 08 / 24 / 2004		
Mailing Address 111 Grassroots St.		Amount of Each Receipt this Period 169.55		
City Flatpoint	State ST	Zip Code 00000		
FEC ID number of contributing federal political committee. C 00300001				
Name of Employer	Occupation	Aggregate Year-to-Date 169.55		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)				

Itemize all transfers from other party committees and organizations, regardless of amount. Transfers from a committee's nonfederal account, however, are itemized on Line 18.

## OFFSETS TO OPERATING EXPENDITURES

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) A. Noblet Mailing Services		Date of Receipt 07 / 30 / 2004		
Mailing Address 2201 Wayward Rd.		Amount of Each Receipt this Period 250.00		
City City	State ST	Zip Code 00000	Refund of overcharge	
FEC ID number of contributing federal political committee. C				
Name of Employer	Occupation	Aggregate Year-to-Date 250.00		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)				

Itemize offsets to operating expenditures when they aggregate over \$200 per calendar year from the same source.

## Line 15. Offsets to Operating Expenditures

Refunds, rebates and returns of deposits are considered offsets to operating expenditures. Itemize offsets on a Schedule A once the committee receives more than \$200 from the same source during a calendar year (see example). Enter the total on Line 15.

## Line 16. Refunds of Contributions

Itemize refunds of contributions made by the committee on a Schedule A regardless of their amount. Enter the total on Line 16. See also page 72.

## Line 17. Other Federal Receipts

This category includes interest and dividends earned on investments. Itemize these receipts on a Schedule A once the committee receives more than \$200 from the same source during a calendar year. Enter the total under this category on Line 17. See page 15 for more information on interest and dividends.

## Line 18. Transfers from Nonfederal Account and Levin Funds

If the committee maintains a nonfederal account for state and local election activities, or a Levin account for federal election activity (FEA), the committee (i.e., the federal or allocation account) may accept funds transferred by the nonfederal or Levin account in order to pay its share of certain allocable expenses. 106.7(f)(1) and 300.33(d)(1). Report the total amount transferred from the nonfederal or Levin account during the period (i.e., the total from Schedule H3 or H5) on Line 18.

Other rules concerning these transfers are explained in Chapters 13 and 14.

## 4. Itemized Disbursements

### When to Itemize Disbursements

#### Regardless of Amount

The disbursements listed below must be itemized, regardless of amount, on Schedule B (or indicated schedule):

- Shared federal/nonfederal operating expenditures (itemized on Schedule H4—see Chapter 10);
- Expenditures for allocated FEA;<sup>1</sup>
- Contributions to candidates and political committees;
- Coordinated party expenditures (itemized on Schedule F);
- Loan repayments;
- Loans made by the committee; and
- Transfers to other party committees and party organizations.

Note that refunds of contributions (Line 26 of the Detailed Summary Page) must be itemized on Schedule B only if the incoming contribution had to be itemized on Schedule A, as explained on page 72.

#### Other Disbursements: \$200 Threshold

A disbursement that does not fall under one of the categories listed above (such as a federal operating expenditure or an independent expenditure) must be itemized if it exceeds \$200 when aggregated with other disbursements made to the same payee during the calendar year. (Please note that independent expenditures are itemized on Schedule E; see page 76.)

## How to Itemize Disbursements

### Separate Categories of Disbursements

Before beginning to itemize the committee's disbursements, separate them into the different categories listed on the Detailed Summary Page ("Operating Expenditures," "Contributions to Federal Candidates," etc.; an illustration of a completed Detailed Summary Page appears on page 70). The disbursements in each category must be itemized on a separate Schedule B designated for that category.

Indicate the type of disbursement itemized on a particular Schedule B by entering the corresponding line number from the Detailed Summary Page in the upper right corner of the schedule. The appropriate category of disbursement may also be written at the top of each page.

Some categories may require several pages. The total for each category should be entered on the bottom line of the last page for that category.

### Itemized Information

Itemized disbursement information includes:

- Name of payee;
- Address of payee;
- Purpose of disbursement (a brief but specific description of why the disbursement was made—see Schedule B instructions and 104.3(b)(3)(i)(B));
- Date of payment; and
- Amount. 104.3(b)(3); 104.9.

<sup>1</sup> Expenditures in excess of \$200 for FEA which are made entirely with federal funds must be itemized on a Schedule B. The total is reported on Line 30(b) of the Detailed Summary Page.

## CONTRIBUTIONS TO CANDIDATES

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Use separate schedule(s) for each category of the Detailed Summary Page		<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29 <input type="checkbox"/> 30b	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
Full Name (Last, First, Middle Initial)		Date of Disbursement	
A. Friends of Guy Blank		07 / 16 / 2004	
Mailing Address 111 Gari Street			
City State Zip Code City ST 00000			
Purpose of Disbursement Contribution		011	
Candidate Name Guy Blank		Amount of Each Disbursement this Period	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		2,000.00	
Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			
State: ST District: 6			

## ORIGINAL DESIGNATION

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Use separate schedule(s) for each category of the Detailed Summary Page		<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29 <input type="checkbox"/> 30b	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
Full Name (Last, First, Middle Initial)		Date of Disbursement	
A. Blakley for a Better Tomorrow Committee		12 / 30 / 2003	
Mailing Address 111 Pinchpenney Ave.			
City State Zip Code City ST 00000			
Purpose of Disbursement Contribution		011	
Candidate Name Christopher Blakley		Amount of Each Disbursement this Period	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		10,000.00	
Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			
State: ST District: 4			

## REDESIGNATION, APRIL QUARTERLY REPORT

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Use separate schedule(s) for each category of the Detailed Summary Page		<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29 <input type="checkbox"/> 30b	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
Full Name (Last, First, Middle Initial)		Date of Disbursement	
A. Blakley for a Better Tomorrow Committee		12 / 30 / 2003	
Mailing Address 111 Pinchpenney Ave.			
City State Zip Code City ST 00000			
Purpose of Disbursement Contribution		011	
Candidate Name Christopher Blakley		Amount of Each Disbursement this Period	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		10,000.00	
Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		MEMO -As originally reported in 2003 Year-End Report.	
State: ST District: 4		2004	
Full Name (Last, First, Middle Initial)		Date of Disbursement	
B. Blakley for a Better Tomorrow Committee		02 / 28 / 2004	
Mailing Address 111 Pinchpenney Ave.			
City State Zip Code City ST 00000			
Purpose of Disbursement Contribution		011	
Candidate Name Christopher Blakley		Amount of Each Disbursement this Period	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		5,000.00	
Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)		MEMO - Redesignation.	
State: ST District: 4		2004	

## Contributions to Candidates: Additional Information

Further information is required when itemizing a contribution to a candidate committee on Schedule B. Include the candidate's name and the office sought (including the state and, if applicable, Congressional district). When itemizing a contribution or loan to a candidate committee, specify the election for which the payment was made by checking the appropriate category in the election designation box. 104.3(b)(3)(v). See illustration.

## Redesignations of Contributions

Use memo entries to show any redesignations of contributions made (explained on page 30). If a contribution to a candidate is redesignated for a different election after the close of books, show the redesignation on the next report and indicate the report on which the original contribution was itemized.

In this illustration, the committee originally made a \$10,000 contribution to a candidate's campaign, intending half of it to count toward the general election. The committee itemized the contribution in its year-end report. Later, the campaign requested that the committee redesignate the excessive \$5,000 for the general election campaign. The committee itemized the redesignation in its April quarterly report.

## 5. Reporting Disbursements: The Detailed Summary Page

Line-by-line instructions for filling out the Disbursements portion of the Detailed Summary Page are given below. See previous page for information on how to itemize disbursements on Schedule B.

More information on reporting loans, debts and independent expenditures appears later in this chapter.

### Line 21. Operating Expenditures

#### Line 21a: Allocated Federal/ Nonfederal Activity

Report the total federal and non-federal portions of shared operating expenditures separately on Lines 21 a(i) and (ii). The numbers are taken from the bottom of Schedule H4. Line 21 a is not used if the committee maintains only one account for federal and nonfederal activities or if the committee is not involved in nonfederal election activities.

#### Line 21b: Other Federal Operating Expenditures

Report all operating expenditures other than shared operating expenditures on Line 21 b.

Itemize them on a Schedule B for Line 21 b once payments to any payee exceed \$200 in a calendar year.

#### Line 21c: Total Operating Expenditures

Report the total of Lines 21 a and 21 b on Line 21 c.

### Line 22. Transfers-Out

Itemize transfers to party committees and party organizations, regardless of amount, on a Schedule B for Line 22. Enter the total from that schedule on the Detailed Summary Page.

## THE DETAILED SUMMARY PAGE

FEC Form 3X (Rev. 02/2003)			DETAILED SUMMARY PAGE of Disbursements		Page 4
II. Disbursements	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date			
21. Operating Expenditures:					
(a) Allocated Federal/Non-Federal Activity (from Schedule H4)					
(i) Federal Share .....	6,509.72	15,227.33			
(ii) Non-Federal Share .....	9,383.32	14,224.30			
(b) Other Federal Operating Expenditures .....	1,195.00	2,542.91			
(c) Total Operating Expenditures (add 21(a)(i), (a)(ii), and (b)) .....	17,088.04	31,364.54			
22. Transfers to Affiliated/Other Party Committees .....	0.00	0.00			
23. Contributions to Federal Candidates/Committees and Other Political Committees .....	24,200.00	40,975.00			
24. Independent Expenditures (use Schedule E) .....	2,500.00	2,500.00			
25. Coordinated Party Expenditures (2 U.S.C. §441a(d)) (use Schedule F) .....	18,751.88	18,751.88			
26. Loan Repayments Made .....	0.00	0.00			
27. Loans Made .....	0.00	0.00			
28. Refunds of Contributions To:					
(a) Individuals/Persons Other Than Political Committees .....	120.00	120.00			
(b) Political Party Committees .....	0.00	0.00			
(c) Other Political Committees (such as PACs) .....	0.00	0.00			
(d) Total Contribution Refunds (add Lines 28(a), (b), and (c)) .....	120.00	120.00			
29. Other Disbursements .....	500.00	990.00			
30. Federal Election Activity (2 U.S.C. §431(20))					
(a) Allocated Federal Election Activity (from Schedule H6)					
(i) Federal Share .....	3,600.00	3,600.00			
(ii) "Levin" Share .....	6,400.00	6,400.00			
(b) Federal Election Activity Paid Entirely With Federal Funds .....	5,000.00	5,000.00			
(c) Total Federal Election Activity (add Lines 30(a)(i), 30(a)(ii) and 30(b)) .....	15,000.00	15,000.00			
31. Total Disbursements (add Lines 21(c), 22, 23, 24, 25, 26, 27, 28(c), 29 and 30(c)) .....	78,159.92	110,331.42			
32. Total Federal Disbursements (subtract Line 21(a)(ii) and Line 30(a)(ii) from Line 31) .....	62,376.60	89,707.12			

### Line 23. Contributions to Federal Candidates and Other Political Committees

Itemize all monetary and in-kind contributions made to candidate committees and other federal political committees, regardless of amount, on a Schedule B for Line 23. Report the total from that schedule on the Detailed Summary Page. An example of an itemized contribution to a candidate is provided on the previous page.

### Line 24. Independent Expenditures

Disclose independent expenditures on Schedule E (see page 76). Enter the Schedule E total of itemized and unitemized independent expenditures on Line 24.

## CONTRIBUTIONS TO NONFEDERAL CANDIDATES (OTHER DISBURSEMENTS)

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		FOR LINE NUMBER: (check only one)	PAGE   OF
Use separate schedule(s) for each category of the Detailed Summary Page		<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input checked="" type="checkbox"/> 29 <input type="checkbox"/> 30b	
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
Full Name (Last, First, Middle Initial) Chris Villarreal for Governor		Date of Disbursement 10 / 08 / 2004	
Mailing Address 111 Chiefs Street			
City	State ST	Zip Code 00000	
Purpose of Disbursement Nonfederal Contribution		011	Amount of Each Disbursement this Period
Candidate Name Chris Villarreal		Category/ Type	1,000.00
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
State: District:			

Itemize “other disbursements,” such as nonfederal donations, once they exceed \$200 per payee per calendar year.

### Line 25. Coordinated Party Expenditures

Disclose coordinated party expenditures on Schedule F (see page 75). Enter the Schedule F total on Line 25.

### Line 26. Loan Repayments

See page 78 for information on how to itemize the payments on Schedules B and C. Enter the total paid on loans on Line 26.

### Line 27. Loans Made

See page 80 for information on how to report loans made by the committee on Schedules B and C. Enter the total amount loaned during the period on Line 27.

### Line 28. Refunds of Contributions

Itemize a refund made by the committee only if the original contribution was itemized. Other rules for reporting contribution refunds made by the committee are described on page 72. Enter the total amount refunded during the period on Line 28.

### Line 29. Other Disbursements

“Other disbursements” include donations made by the committee to nonfederal candidates and committees. Itemize “other disbursements” on a Schedule B for Line 29 when they exceed \$200 to the same payee during a calendar year. Enter the total of itemized and unitemized other disbursements on the Detailed Summary Page.

### Line 30. Federal Election Activity

State, district and local party committees making disbursements for FEA must enter figures on Line 30.

#### Line 30(a): Allocated Federal Election Activity

Report the total federal and Levin portions of allocated federal election activity separately on Lines 30(a)(i) and (ii). The numbers are taken from Schedule H6.

#### Line 30(b): FEA Paid Entirely with Federal Funds

Expenditures of \$200 or more for FEA which are made entirely with federal funds must be itemized on Line 30(b).

#### Line 30(c): Total Federal Election Activity

Report the total of Lines 30(a) and 30(b) on Line 30(c).

For further information on FEA, see below and in chapter 8. For information on allocating these disbursements, see chapter 13.

## 6. Contribution Refunds Made and Received

### Refunds Made by the Committee

When a committee refunds a contribution to a donor, the committee must include the disbursement in the total for the appropriate category of refund on the Detailed Summary Page (Line 28(a), (b) or (c)). If the committee previously itemized the incoming contribution on Schedule A, then it must itemize the refund on a Schedule B for the appropriate line number. 104.8(d)(4).

(A committee may return a contribution to the donor without depositing it, although the return must be made within 10 days of the treasurer's receipt of the contribution. 103.3(a). In this case, the committee does not have to report either the receipt or the return of the contribution.)

### Refunds Received by the Committee

If a committee receives a refund of a contribution it has made, it must report the refund in one of two ways, depending on the circumstances described below. 104.8(d)(4).

#### Original Check Not Deposited

If a check to a candidate committee or other political committee is not deposited (e.g., if it is returned uncashed or is lost), report the amount as a negative entry on a Schedule B for Line 23, "Contributions to Federal Candidates and Other Political Committees." (The amount is subtracted from the total for Line 23.)

## REFUNDED CONTRIBUTION

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
A. Full Name (Last, First, Middle Initial) Garth Gillan for Senate		Date of Receipt 07 / 12 / 2004		
Mailing Address 111 Jasmine Rd.		State ST		Zip Code 00000
City		FEC ID number of contributing federal political committee. C		Amount of Each Receipt this Period 1,000.00
Name of Employer		Occupation		Refund of contribution itemized in July Quarterly Report.
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		Aggregate Year-to-Date 1,000.00		

Unlike returned contributions, contributions that are refunded by a check from the recipient are reported as receipts.

## RETURNED CONTRIBUTION

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
A. Full Name (Last, First, Middle Initial) Americans for Steve Bagwell		Date of Disbursement 05 / 21 / 2004		
Mailing Address 111 Magilla Way		State ST		Zip Code 00000
City		Purpose of Disbursement Returned Check		011 Category/ Type
Candidate Name Stephen Bagwell		Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Amount of Each Disbursement this Period -2,500.00
Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		State: ST		District: 4

#### Refunded by Recipient's Check

If the recipient committee deposits the contribution and then refunds it with its own check, itemize the refund, regardless of amount, on a Schedule A for Line 16, "Refunds of Contributions."

## ADVANCES FROM PERSONAL FUNDS

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (in Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) A. Hansen, Jennifer		Date of Receipt 09 / 17 / 2004		
Mailing Address 111 Gettysburg St. City State Zip Code City ST 00000		Amount of Each Receipt this Period 379.83		
FEC ID number of contributing federal political committee. C		MEMO - Airfare to be Reimbursed		
Name of Employer Freedom Party		Occupation Regional Director		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		Aggregate Year-to-Date 379.83		

Unreimbursed advances that aggregate to over \$200 appear as memo entries on Schedule A for Line 11 (a)(i).

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (in Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) A. Hansen, Jennifer		Date of Disbursement 09 / 17 / 2004		
Mailing Address 111 Gettysburg St. City State Zip Code City ST 00000		Amount of Each Disbursement this Period 379.83		
Purpose of Disbursement Reimbursement for airfare		Category/Type 002		
Candidate Name		See Schedule A, October Quarterly Report		
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
State: District:				

The reimbursement is reported as an operating expenditure on Schedule B, with a cross reference to the corresponding Schedule A.

- If the individual paid with cash or a personal check, within 30 days from the date the expense was incurred.
- If the individual paid with a credit card, within 60 days of the closing date on the credit card billing statement. 116.5(b).

### Reimbursed Within Time Limit and in Same Reporting Period

When the committee makes a reimbursement within these time limits, the committee reports the advance and reimbursement as follows:

- The original advance is not reported; and
- The reimbursement is reported as an operating expenditure on Line 17. AO 1992-1.

### Reimbursed Within Time Limit but in Later Reporting Period

Note that, if the reimbursement is made within the appropriate time limit but not within the reporting period in which the advance was made, the committee must report the advance on Schedule D as a debt if it exceeds \$500. Once the reimbursement is actually made, the committee reports it as an operating expenditure and itemizes it on Schedule B if reimbursements to any one person exceed \$200 for the election cycle.

## 7. Reporting Reimbursed Advances of Personal Funds

When a volunteer or a committee staff member uses his or her personal funds or personal credit to pay a vendor for an expense and is later reimbursed by the committee, special reporting rules apply.

### Travel Expenses Reimbursed Within 30 or 60 Days

No contribution results when the committee reimburses a volunteer or staff member for travel expenses within the following time periods:

### Travel Advances Not Reimbursed Within 30 or 60 Days

#### Not Reimbursed Within Time Limit but Within Same Reporting Period

Travel advances that are not reimbursed within the appropriate 30 or 60 day time limit (116.5(b)) but that are reimbursed within the reporting period in which the advance is made are considered contributions and must be reported as follows:

- Report the original advance as a memo entry contribution on Schedule A if the total of the advance plus any other contributions made by the same person within the election cycle, minus any reimbursements made in the reporting period, exceeds \$200; and

- Report the reimbursement as an operating expenditure and, if reimbursements to that person exceed \$200 in the election cycle, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized).

### **Not Reimbursed Within Time Limit and Not Within Same Reporting Period**

Travel advances that are not reimbursed within the appropriate 30 or 60 day time limit (116.5(b)) and that are not reimbursed within the reporting period in which the advance was made must be reported as follows:

- Report the original advance as a memo entry contribution on Schedule A if the total of the advance plus any other contributions made by the same person within the election cycle, minus any reimbursements made in the reporting period, exceeds \$200;
- Report the amount of the advance outstanding at the end of the reporting period as a debt on Schedule D if it exceeds \$500 or has been outstanding for more than 60 days; and
- Report the reimbursement as an operating expenditure and, if reimbursements to that person exceed \$200 in the election cycle, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized).

### **Nontravel Advances Made and Reimbursed Within Same Reporting Period**

Nontravel advances that are made and reimbursed within the same reporting period are considered contributions and must be reported as follows:

- Do not report the original advance unless, at the end of the reporting period, the amount of previous contributions in the election cycle from the person making the advance plus the amount of the advance minus the amount of the reimbursement is greater than \$200 (i.e., previous contributions + the advance - the reimbursement > \$200). In that case, report the advance as a memo entry contribution on Schedule A; and
- Report the reimbursement as an operating expenditure and, if reimbursements to that person exceed \$200 in the election cycle,

itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized). AO 1992-1.

### **Nontravel Advances Made and Reimbursed in Different Reporting Periods**

Nontravel advances that are to be reimbursed in a later reporting period must be reported as follows:

- Do not report the original advance unless, at the end of the reporting period, the amount of previous contributions in the election cycle from the person making the advance plus the amount of the advance minus the amount of the reimbursement is greater than \$200 (i.e. previous contributions + the advance - the reimbursement > \$200). In that case, report the advance as a memo entry contribution on Schedule A;
- Report the amount of the advance outstanding at the end of the reporting period as a debt on Schedule D if it exceeds \$500 or has been outstanding for more than 60 days (see example at left); and
- Report the reimbursement, once made, as an operating expenditure and, if reimbursements to that person exceed \$200 in the election cycle, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized). See AO 1992-1.

### **Special Rule for Reporting Reimbursements to Staff (for Travel and Subsistence Advances)**

If the total amount reimbursed to the staff member is \$500 or less, the committee should report the staff member as the payee. If the total amount exceeds \$500 and payments to any one vendor used for the expenses total over \$200 for the election cycle, additional information is required to achieve full disclosure. In this instance the committee must:

- Report the staff member as payee; and
- Report the payments aggregating over \$200 to any one vendor as memo entries on Schedule B. See AO 1996-20, footnote 3. (See example.)

## COORDINATED PARTY EXPENDITURE

SCHEDULE F (FEC Form 3X) ITEMIZED COORDINATED PARTY EXPENDITURES MADE BY POLITICAL PARTY COMMITTEES OR DESIGNATED AGENT(S) ON BEHALF OF CANDIDATES FOR FEDERAL OFFICE (2 U.S.C. §441a(d)) (To be used only by Political Committees in the General Election)				PAGE 1 OF 1 FOR LINE 25 OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			<input type="checkbox"/> Check if 24-hour notice	
Has your committee been designated to make coordinated expenditures by a political party committee? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		Full Name of Subordinate Committee		
If YES, name the designating committee:		Mailing Address		
		City State ZIP Code		
Full Name (Last, First, Middle Initial) of Each Payee City Press		Purpose of Expenditure Newspaper Ad		004 Category/ Type
Mailing Address 111 Industrial Ave.		Date 07 / 30 / 2004		
City State Zip Code City ST 00000		Amount 10,000.00		
Name of Federal Candidate Supported Guy Blank	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> Presidential	State: ST District: 6	Aggregate General Election Expenditure for this Candidate 15,050.00	
<input type="checkbox"/> Limit Raised Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(A)-1)				

## 8. Investments

### Principal

When the committee invests funds in a savings account, money market fund, certificate of deposit or similar type of account, the principal deposited must be included in the committee's cash-on-hand total. (Investment properties, such as shares of stock, are not included in cash on hand.) The committee does not report this type of investment as a disbursement because the money is still a committee asset. 104.3(a)(1); AO 1990-2.

### Investment Income

Report investment income received or lost during the reporting period in the "Other Receipts" category (Line 17) of the Detailed Summary Page. If investment income from one source aggregates over \$200 during a calendar year, itemize the interest on a Schedule A for Line 17. 104.3(a)(4)(vi). Losses are indicated by negative entries. (See "Interest and Dividends," page 15.)

### Income Tax

Include income taxes paid by the committee as other disbursements on Line 21. Itemize income tax payments on Schedule B only if they aggregate over \$200 per year to the same payee—i.e., the local, state or federal government.

## 9. Coordinated Party Expenditures

### Schedule F

Itemize all coordinated party expenditures on Schedule F. (See example.) Enter the Schedule F total on Line 25 of the Detailed Summary Page.

### Expenditures by Designated Agents

A state party committee that has designated other party committees to make coordinated party expenditures

must ensure that the designated party groups do not exceed the expenditure limits for the candidates supported (see page 16). To this end, the FEC recommends the reporting method outlined below, although a committee may use its own method of controlling and reporting coordinated party expenditures made by designated agents if the method receives advance approval from the FEC. 109.33(b).

Under the recommended method, each designated party committee itemizes its coordinated party expenditures on Schedule F. The committee files Schedule F with its own report but also forwards a copy to the designating party committee.

The designating committee, in addition to filing its own Schedule F, attaches those forwarded by designated agents as memo entries. (The memo entry expenditures are not included in the Line 25 total on the Detailed Summary Page.)

### 24 Hour Reporting

Coordinated party expenditure limits are increased for House and Senate candidates when their opponent's personal spending exceeds their own by certain threshold amounts. Each time a national or state political party committee makes coordinated expenditures in excess of the normal limits, it must notify the Commission (via fax or e-mail) and the candidate on whose behalf the expenditure is made within 24 hours, using Schedule F. Be sure to include the expenditure in the next regularly scheduled FEC report. 11 CFR §400.30(c)(2).

Check the box at the top of Schedule F to indicate that it is a 24 hour notice. Also, when disclosing expenditures made under modified limits, check the box on Schedule F to indicate this.

## 10. Independent Expenditures

### Schedule E

Itemize any independent expenditure which, by itself or when added to other independent expenditures made to the same payee during the same calendar year, exceeds \$200. The date that a communication is publicly disseminated serves as the date that a committee must use to determine whether the total amount of independent expenditures has, in the aggregate, reached or exceeded the threshold reporting amount of \$200.

Independent expenditures are itemized on Schedule E. A subtotal for itemized independent expenditures is entered on Line (a). Independent expenditures made prior to payment should be disclosed as memo entries on Schedule E and on Schedule D as a reportable debt under 104.11.

Independent expenditures of \$200 or less do not need to be itemized, though the committee must report the subtotal of those expenditures on Line (b). 104.3(b)(3)(vii)(C) and 104.4(a).

Enter the total of itemized and unitemized independent expenditures on Line (c) of Schedule E and on Line 24 of the Detailed Summary Page.

### 48-Hour Independent Expenditure Notices

Political committees and other persons who make independent expenditures at any time during a calendar year—up to and including the 20<sup>th</sup> day before an election—must disclose this activity within 48 hours each time that the expenditures aggregate \$10,000 or more. This reporting requirement is in addition to the requirement to file 24-hour notices of independent expenditures each time that disbursements for independent expenditures aggregate at or above \$1,000 during the last 20 days—up to 24-hours—before

## INDEPENDENT EXPENDITURE

SCHEDULE E (FEC Form 3X) ITEMIZED INDEPENDENT EXPENDITURES		PAGE 1 OF 1 FOR LINE 24 OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee		FEC IDENTIFICATION NUMBER C 00300002
Check if <input type="checkbox"/> 24-hour notice <input type="checkbox"/> 48-hour notice		
Full Name (Last, First, Middle Initial) of Payee Morning News		Date 08 / 22 / 2004
Mailing Address 111 First Ave.		Amount 2,500.00
City ST	State ST	Zip Code 00000
Purpose of Expenditure Newspaper Ad	Category/Type 004	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President District: 4
Name of Federal Candidate Supported or Opposed by Expenditure: Bob Voteworthy		Check One: <input type="checkbox"/> Support <input checked="" type="checkbox"/> Oppose
Calendar Year-To-Date Per Election for Office Sought 3,700.00		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)

an election. 2 U.S.C. §§434(b), (d) and (g). For information on such last-minute independent expenditure reports, see below.

Note: expenditures that have already been disclosed in a previous report do not have to be included on the 48-hour notice.

### Independent expenditures aggregating less than \$10,000

Committees must report on Schedule E independent expenditures that aggregate less than \$10,000 with respect to a given election during the calendar year that are made up to and including the 20<sup>th</sup> day before an election. The report must be filed no later than the filing date of the committee's next regularly-scheduled report. 11 CFR 104.4(a) and (b)(1).

### Independent expenditures aggregating \$10,000 and above

Once an individual's or committee's independent expenditures reach or exceed \$10,000 in the aggregate at any time up to and including the 20<sup>th</sup> day before an election, they must be reported within 48 hours of the date that the expenditure is publicly distributed. All 48-hour reports must be filed with and *received* by the Commission at the end of the second day after the independent expenditure is publicly distributed. Electronic filers must file these reports electronically. Paper filers may file by fax or email. Additionally, electronic filers and paper filers may file 48-hour reports using the FEC web site's online program. 11 CFR 104.4(b)(2), 109.10(c) and 100.19(d)(3).

## Aggregating independent expenditures for reporting purposes

Independent expenditures are aggregated toward the various reporting thresholds on a per-election and per-office sought basis within the calendar year. Consider, as examples, the following scenarios, all of which occur outside of the 20-day window before an election when 24-hour notices are required:

- If a committee makes \$5,000 in independent expenditures with respect to a Senate candidate, and \$5,000 in independent expenditures with respect to a House candidate, then the committee is not required to file 48-hour reports, but must disclose this activity on its next regularly-scheduled report.
- If the committee makes \$5,000 in independent expenditures with respect to a clearly-identified candidate in the primary, and an additional \$5,000 in independent expenditures with respect to the same candidate in the general, then again no 48-hour notice is required and the expenditures are disclosed on the committee's next report.
- If the committee makes \$6,000 in independent expenditures supporting a Senate candidate in the primary election and \$4,000 opposing that Senate candidate's opponent in the same election, then the committee must file a 48-hour report.

The date that a communication is publicly disseminated serves as the date that a committee must use to determine whether the total amount of independent expenditures has, in the aggregate, reached or exceeded the threshold reporting amounts of \$10,000. Independent expenditures publicly disseminated prior to payment should be disclosed as memo entries on Schedule E and on Schedule D as a reportable debt under 104.11. A 48-hour notice is required for each additional \$10,000 in aggregate expenditures.

The calculation of the aggregate amount of the independent expenditures must include both disbursements for independent expenditures and all contracts obliging funds for disbursements of independent expenditures. 11 CFR 104.4(f). Expenditures that have already been disclosed in a previous report do not have to be included on the 48-hour notice.

## Last-Minute Independent Expenditure Reports (24 Hour Notices)

Any independent expenditures aggregating \$1,000 or more and made after the 20th day but more than 24 hours before the day of an election must be reported and the report must be received within 24 hours after the expenditure is made. A 24-hour notice is required for each additional \$1,000 that aggregates. The 24-hour report must be filed on a Schedule E. Twenty-four hour reports must be filed with the appropriate federal and state filing offices. 104.4(c) and 104.5(g). The date that a communication is publicly disseminated serves as the date that a committee must use to determine whether the total amount of independent expenditures has, in the aggregate, reached or exceeded the threshold reporting amount of \$1,000.

The committee must report a last-minute expenditure a second time on a Schedule E filed with its next regular report. 104.4(a).

Electronic filers must file these reports electronically, and paper filers may file by fax or email. Additionally, electronic filers and paper filers may file 24-hour reports using the FEC web site's on-line program. 11 CFR 104.4(c) and 109.10(d).

## Certification

All 24 and 48-hour reports must contain, among other things, a verification under penalty of perjury as to whether the expenditure was made in cooperation, consultation or concert with a candidate, a candidate's committee, a political party committee or an agent of any of these. 11 CFR 104.4(d)(1) and 109.10(e)(1)(v).

For reports filed on paper, the treasurer must sign the Schedule E. For reports filed by email, the treasurer should type his or her name on the Schedule E following the certification.

## 11. Reporting Loans

Continuously itemize all loans received and made by the committee until they are repaid. All repayments made or received on a loan must also be itemized. 104.3(a)(4)(iv); 104.3(b)(3)(iii) and (vi); 104.3(d); 104.11. Procedures for reporting loans and loan repayments are explained below.

Reminder: Loans are considered contributions to the extent of the outstanding balance of the loan. 100.52(b)(2). Loans from banks, however, are not considered contributions if made in the ordinary course of business. Endorsements and guarantees of bank loans, however, do count as contributions. 100.52(b)(3) and 100.82(c).

### Loans Received by the Committee

#### Schedule A: Initial Receipt of Loan

Itemize the receipt of a loan, regardless of amount, on a separate Schedule A for Line 13 (“Loans Received”).

#### Schedule B: Interest and Principal Payments

Report the interest paid on a loan as an operating expenditure, itemizing the payment on a Schedule B for Line 21 (b) (“Operating Expenditures”) once interest payments to the payee aggregate over \$200 in a calendar year. 100.111 (b) and 104.3(b)(3)(i).

Payments to reduce the principal must be itemized, regardless of amount, on a separate Schedule B for Line 26 (“Loan Repayments Made”). 104.3(b)(3)(iii).

## INITIAL RECEIPT OF LOAN

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 12 <input checked="" type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17		
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) A. Second National Bank		Date of Receipt 07 / 14 / 2004		
Mailing Address 111 Feduciary St. City State Zip Code City ST 00000		Amount of Each Receipt this Period 5,000.00		
FEC ID number of contributing federal political committee. C		Aggregate Year-to-Date 5,000.00		
Name of Employer Occupation		Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		

## LOAN PAYMENT

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input checked="" type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 30b		
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
Full Name (Last, First, Middle Initial) A. Second National Bank		Date of Disbursement 08 / 22 / 2004		
Mailing Address 111 Feduciary St. City State Zip Code City ST 00000		Amount of Each Disbursement this Period 2,000.00		
Purpose of Disbursement Loan Repayment		009 Category/Type		
Candidate Name		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		State: District:		

## CONTINUOUS REPORTING OF LOAN

SCHEDULE C (FEC Form 3X) LOANS		Use separate schedule(s) for each category of the Detailed Summary Page	PAGE 1 OF 1
NAME OF COMMITTEE (In Full) Freedom Party State Committee		FOR LINE 13 OF FORM 3X	
LOAN SOURCE Full Name (Last, First, Middle Initial) Second National Bank		Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	
Mailing Address 111 Feduciary St. City State Zip Code City ST ZIP Code 00000		Original Amount of Loan 5,000.00	
Cumulative Payment To Date 2,000.00		Balance Outstanding at Close of This Period 3,000.00	
TERMS Date Incurred 07 / 14 / 2004		Date Due 07 / 14 / 2006	
Interest Rate 12.00 % (apr)		Secured: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
List All Endorsers or Guarantors (if any) to Loan Source			
1. Full Name (Last, First, Middle Initial) Rockefeller, Nigel		Name of Employer Rockefeller Industries	
Mailing Address 10500 Solid Ct. City State Zip Code City ST ZIP Code 00000		Occupation Executive Vice-President	
Amount Guaranteed Outstanding: 3,000.00			

Each reporting period, a committee uses Schedule C to report both the original loan and payments made to repay the principal on the loan. Loans must be continually reported on Schedule C until repaid.

## ADDITIONAL INFORMATION ON BANK LOANS AND LINES OF CREDIT

SCHEDULE C-1 (FEC Form 3X) LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS		Supplementary for information found on Page 1 of Schedule C	
Federal Election Commission, Washington, D.C. 20463			
NAME OF COMMITTEE (In Full) Freedom Party State Committee		FEC IDENTIFICATION NUMBER C 00300002	
LENDING INSTITUTION (LENDER) Full Name Second National bank	Amount of Loan 5,000.00	Interest Rate (APR) 12.00 %	
Mailing Address 111 Feduciary St.	Date Incurred or Established 07 / 14 / 2004	Date Due 07 / 22 / 2006	
City City	State ST	Zip Code 00000	
A. Has loan been restructured? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, date originally incurred			
B. If line of credit, Total Outstanding Balance: Amount of this Draw:			
C. Are other parties secondarily liable for the debt incurred? <input type="checkbox"/> No <input type="checkbox"/> Yes (Endorsers and guarantors must be reported on Schedule C.)			
D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes If yes, specify: Cash on deposit		What is the value of this collateral? 5000.00	
E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, specify:		Does the lender have a perfected security interest in it? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	
A depository account must be established pursuant to 11 CFR 100.82(e)(2) and 100.142(e)(2). Date account established:		Location of account: Address: City, State, Zip:	
F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.			
G. COMMITTEE TREASURER Typed Name John Responsible Signature <i>John Responsible</i>		DATE 07 / 14 / 2004	
H. Attach a signed copy of the loan agreement.			
I. TO BE SIGNED BY THE LENDING INSTITUTION: I. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above. II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness. III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set forth at 11 CFR 100.82 and 100.142 in making this loan.			
AUTHORIZED REPRESENTATIVE Typed Name Mortimer Pennypacker Signature <i>Mortimer Pennypacker</i>		DATE 07 / 14 / 2004	
Title Asst. Vice-President			

Schedule C-1 must be filed with the first report after the committee obtains a bank loan or line of credit. Schedule C-1 must again be filed if the terms of loan or line of credit are restructured.

## Schedule C: Continuous Reporting

In addition, report both the original loan and payments made to repay the loan on Schedule C each reporting period until the loan is repaid. 104.3(d) and 104.11. Instructions on the back of Schedule C explain what information must be disclosed. Use separate Schedule C forms to itemize loans received and loans made.

The Schedule C balance of the total amount owed on loans is entered on Line 10 of the Summary Page ("Debts and Obligations Owed by the Committee") or, if the committee has other debts, the balance is carried over to Schedule D.

## Schedule C-1: Additional Information for Bank Loans

A committee that obtains a loan from a bank must also file Schedule C-1 with the first report due after a new loan or line of credit has been established. 104.3(d)(1). A new Schedule C-1 must also be filed with the next report if the terms of the loan or line of credit are restructured.

Additionally, in the case of a committee that has obtained a line of credit, a new Schedule C-1 must be filed with the next report when-

ever the committee draws on the line of credit. 104.3(d)(1) and (3).

Line-by-line instructions for filling out the schedule appear on the back of Schedule C-1. The committee treasurer or designated assistant treasurer must sign the schedule on Line G and attach a copy of the loan agreement. 104.3(d)(2).

Finally, an authorized representative of the lending institution must sign the statement on Line I.

### Schedule D: Debt and Obligations Excluding Loans

A committee that fails to make interest payments on a loan must report the accumulated unpaid interest as a debt on Schedule D (see page 45). See MUR 3418.

### Loans Made by the Committee

#### Schedule B: Outgoing Loan

When making a loan to another organization, itemize the disbursement, regardless of amount, on a Schedule B for Line 27 (“Loans Made”). 104.3(b)(3)(vi).

#### Schedule A: Interest and Principal Payments Received

Report interest received on a loan on a Schedule A for Line 17 (“Other Receipts”) if the payments aggregate over \$200 from the same source during the calendar year.

Itemize payments received that reduce the principal owed on a separate Schedule A for Line 14 (“Loan Repayments Received”).

#### Schedule C: Continuous Reporting

The original amount loaned and repayments received on it must be itemized on Schedule C each reporting period until the loan is repaid in full. Schedule C instructions (see back of schedule) explain what information must be disclosed. (Note that separate Schedule C forms are used to itemize loans received and loans made. Filers should label the forms accordingly.)

The Schedule C balance of the total outstanding loans owed to a committee is entered on Line 9 of the Summary Page (“Debts and Obligations Owed to the Committee”) unless other types of debts are owed to the committee. In that case, the Schedule C total is carried over to Schedule D.

## DEBTS OWED BY THE COMMITTEE

SCHEDULE D (FEC Form 3X)		(Use separate schedule(s) for each numbered line)	PAGE 9 OF 10
<b>DEBTS AND OBLIGATIONS</b>		FOR LINE NUMBER: (check only one) <input type="checkbox"/> 9 <input checked="" type="checkbox"/> 10	
<b>Excluding Loans</b>			
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) of Debtor or Creditor Martin Black Consulting		Nature of Debt (Purpose): Radio advertisement for Guy Blank for Congress	
Mailing Address 111 Evergreen Lane			
City	State	Zip Code	
	ST	00000	
Outstanding Balance Beginning This Period 1,125.00			
Amount Incurred This Period	Payment This Period	Outstanding Balance at Close of This Period	
0.00	562.79	562.21	

## 12. Reporting Debts Other Than Loans

Unpaid bills and written contracts or agreements to make *expenditures* are considered debts.

100.112. Report debts and obligations (other than loans) on Schedule D according to the following rules:

- A debt of \$500 or less is reportable once it has been outstanding 60 days from the date incurred (the date of the transaction, not the date the bill is received). The debt is disclosed on the next regularly scheduled report.
- A debt exceeding \$500 must be reported on the next report filed after the debt is incurred. 104.3(d); 104.11.

Use separate Schedule D forms for debts owed by the committee and debts owed to the committee. Label each schedule accordingly.

Regularly recurring administrative expenses, like rent and salaries, do not have to be treated as debts until payment is due. 104.11(b); see 116.6(c).

### Debts Owed by the Committee

Use Schedule D to report:

- The outstanding amount owed on a debt or obligation including any unpaid interest accrued on a debt; and
- Payments made to reduce the debt.

Schedule D instructions explain what additional information is required.

Enter the Schedule D total of outstanding debts, plus the balance of loans owed by the committee (carried over from Schedule C, as explained above) on Line 10 of the Summary Page. Note that payments to reduce debts must also be reported under the appropriate category of disbursement on the Detailed Summary Page (for example, Line 21 (b) for a payment on a bill for an operating expenditure).

## Settlement of Debts

Special rules apply to debts that are forgiven or settled for less than their full amount. See page 103 for more information.

## Special Debt Reporting Problems

### Debts of Unknown Amount

If the exact amount of a debt is not known, report the estimated amount of the debt. The committee should amend the report once a correct figure is known or include the correct figure in a later report. 104.11 (b).

### Unpayable Debts

If a debt cannot be paid because the creditor has gone out of business or cannot be located, the committee may write to the FEC to request permission to discontinue reporting the debt. The letter must demonstrate that the debt is at least two years old and that efforts to reach the creditor have been made. The committee must continue to report the debt until the Commission determines that the debt is unpayable. 116.9.

### Disputed Debts

A disputed debt is a bona fide disagreement between the creditor and the committee as to the existence of a debt or the amount owed by the committee. 116.10. Until the creditor and committee resolve the dispute (assuming the creditor did provide something of value), the committee must disclose:

- The amount the committee admits it owes;
- The amount the creditor claims is owed; and
- Any amounts the committee has paid the creditor.

## Debts Owed to the Committee

Continuously report a debt owed to a committee on Schedule D if the debt exceeds \$500 or has been outstanding 60 days. 104.3(d) and

104.11. Payments received on the debt are also reported on Schedule D until the debt is retired. The payments must also be reported on the appropriate line number of the Detailed Summary Page and itemized on Schedule A if necessary.

Enter the Schedule D total of outstanding debts owed to a committee, plus the balance of outstanding loans carried over from Schedule C, on Line 9 of the Summary Page.

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## 13. Levin Funds / Federal Election Activity

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### What must be reported

If a committee has less than \$5,000 of aggregate receipts and disbursements for FEA in a calendar year, it is required only to report receipts and disbursements of federal funds for FEA.

If the committee has \$5,000 or more of aggregate receipts and disbursements for FEA in a calendar year, it must disclose all receipts and disbursements for FEA, including Levin funds, on Schedules L, H5 and H6. (Schedules H5 and H6 are discussed in the next chapter.) Note: Once a committee crosses this threshold, it must file on a monthly basis. See “Monthly Reporting” in the previous chapter.

### Schedule L

State, district and local party committees use Schedule L to aggregate receipts and disbursements of Levin funds for the reporting period and for the calendar year-to-date.

### Schedules L-A and L-B

Committees itemize receipts and disbursements of Levin funds of \$200 or more on Schedules L-A and L-B.

### Committees without a separate Levin account

If a committee has Levin-eligible funds in its nonfederal account, the committee is not required to report them as Levin funds until it characterizes them as such. When reporting these funds, the date of receipt is the date that the committee received them under state law, even though they are itemized on Schedule L-A in a later reporting period.

## 14. The Summary Page

### Line 1. Name and Address

Fill in the committee's full name (including any abbreviations used) and mailing address. If the address has changed, check the appropriate box. (See page 6, "Name and Address of the Committee.")

### Line 2. ID Number

Enter the committee's FEC identification number on Line 2. If the committee is filing its first report, it may not have yet received an ID number; in that case, the committee should leave this space blank.

A committee should include its ID number in all reports, statements, notices and other written communications with the FEC.

### Line 3. Multicandidate Status

Check the box on Line 3 if the committee has qualified as a multicandidate committee. Note that a multicandidate committee may also have to file Form 1M. See page 28 for more information.

### Line 4. Type of Report

Check the appropriate box under (a) indicating the type of disclosure report being filed (e.g., quarterly; see Chapter 11).

Under (b), indicate whether this is an amendment to an original report, as explained below.

### Line 5. Coverage Dates

The period covered by the report begins the day after the close of books of the last report filed by the committee. If the report is the first one filed by a committee, then the reporting period begins with the date of the committee's first activity.

## THE SUMMARY PAGE

SUMMARY PAGE OF RECEIPTS AND DISBURSEMENTS		
FEC Form 3X (Rev. 02/2003)		Page 2
Write or Type Committee Name Freedom Party State Committee		
Report Covering the Period: From: 08 / 01 / 2004 To: 08 / 31 / 2004		
	COLUMN A This Period	COLUMN B Calendar Year-to-Date
6. (a) Cash on Hand January 1, 2004		64,683.22
(b) Cash on Hand at Beginning of Reporting Period	118,894.35	
(c) Total Receipts (from Line 19)	33,473.19	120,826.58
(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)	152,367.54	185,509.80
7. Total Disbursements (from Line 31)	58,116.41	92,258.67
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))	94,251.13	95,251.13
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	0.00	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	5,830.82	
<input checked="" type="checkbox"/> This committee has qualified as a multicandidate committee. (see FEC FORM 1M)		
For further information contact: Federal Election Commission 999 E. Street, NW Washington, DC 20463 Toll Free 800-424-9530 Local 202-694-1100		

### Line 6. Cash on Hand

#### What Is Cash on Hand

Cash on hand includes funds held in checking and savings accounts, certificates of deposit, petty cash funds, traveler's checks, treasury bills and other investments valued at cost. 104.3(a)(1).

#### First Report

Beginning cash on hand—i.e., money that the committee had in its possession at the time of registration—is subject to the contribution limits, prohibitions and disclosure requirements of federal law. (The committee must exclude any contributions that are not permissible under federal law and remove such contributions from its federal account.) The committee should itemize contributions and other receipts included in the beginning cash-on-hand balance. See "When to Itemize Receipts" on page 62. 104.12.

## Treasurer's Name and Signature

The treasurer must sign and date Form 3X at the bottom of the Summary Page. Only a treasurer or assistant treasurer designated on Form 1 (Statement of Organization) may sign the report (see page 5). 104.14(a).

## 15. Filing Amendments

The committee must file an amended report if it:

- Discovers that an earlier report contained erroneous information; or
- Does not obtain required reporting information concerning a particular transaction until after the transaction has been reported. 104.7(b)(4).

## Paper Filers

When filing an amendment to an original report, complete the Summary Page (including the treasurer's signature), indicating on Line 4b that the document is an amended report. In addition to the Summary Page, submit a corrected version of the schedule that contained the incomplete or incorrect itemized information in the earlier report, along with a revised Detailed Summary Page, if appropriate. Transactions originally reported correctly do not have to be itemized again. The Commission recommends that the treasurer attach a cover letter explaining the changes.

## Electronic Filers

Electronic filers must resubmit the entire report as amended.

## CHAPTER 13

# Allocating Federal and Nonfederal Expenses

## 1. Who Must Allocate

A state, district or local party committee that has established a nonfederal account may allocate certain expenses between its federal and nonfederal accounts. An allocation formula determines the federal and nonfederal portions of an expense. The federal portion must be paid from funds subject to the limits and prohibitions of the Act. 106.7(b).

See "Committee Bank Accounts," page 3, for further information on federal, nonfederal and Levin accounts. For information on allocation of expenses for federal election activity (FEA), see the following chapter.

## 2. What Expenses to Allocate

The categories of expenses listed below are subject to allocation.

### Administrative Expenses

Administrative expenses must be allocated, including rent, utilities and office supplies, except when such expenses are directly attributable to a clearly identified candidate. 106.7(c)(2). Note that salaries are not allocable administrative expenses.

### Generic Voter Drive Expenses ("Voter Drive Activity")

*Unless they otherwise qualify as federal election activity,* expenses for voter registration, voter identification, get-out-the-vote drives or any other activity that urges the general public to register or to vote or that supports a political party without promoting or opposing any federal or nonfederal candidate may be allocated between federal and nonfederal accounts. 106.7(c)(5).

## Exempt Party Activity

State, district and local party committees may allocate from their federal and nonfederal accounts expenses for exempt party activities that are conducted in conjunction with nonfederal activity and are *not federal election activity* from their federal and nonfederal accounts. 106.7(c)(3).

## Fundraising Expenses

When one program or event is held to collect federal funds (i.e., funds to be used in federal elections) and nonfederal funds (i.e., funds to be used in nonfederal elections), the sponsoring committee must allocate the direct costs of the activity, including planning, administrative and solicitation costs.

Such expenses may be allocated provided that none of the proceeds will ever be used on FEA. 106.7(c)(4).

## Candidate Support Expenses

Expenses for activities that are conducted on behalf of (or in opposition to) specific federal and nonfederal candidates must be allocated. 106.1(a)(2).

The amount allocated to a federal candidate is considered:

- An in-kind contribution;
- A coordinated party expenditure;
- An independent expenditure; or
- A disbursement for an exempt party activity.

## 3. Allocation Methods

### Fixed Percentage Ratio

#### Used For:

Administrative expenses, generic voter drives and exempt party activities.

Note: any of the above activities that qualify as *federal election activity* must be paid for under unique rules. See Chapter 14 for more information.

#### Calculation:

Under this allocation ratio, the minimum percentage of federal funds depends upon which federal offices appear on the ballot during the relevant election year:

- If both a Presidential candidate and a Senate candidate appear on the ballot, then at least 36

percent of the expenses must be allocated to the federal account;

- If a Presidential candidate, but not a Senate candidate, appears on the ballot, then at least 28 percent of the expenses must be allocated to the federal account;
- If a Senate candidate, but not a Presidential candidate, appears on the ballot, then at least 21 percent of the expenses must be allocated to the federal account; and
- If neither a Presidential candidate nor a Senate candidate appears on the ballot, then at least 15 percent of the expenses must be allocated to the federal account. 106.7(d)(2)-(3)

### Funds Received Ratio – Fundraising Expenses

#### Used For:

The direct costs of each fundraising program or event in which the committee collects both federal and nonfederal funds. This method is also used to allocate the direct expenses of a fundraiser for multiple federal or nonfederal candidates.

#### Calculation:

Costs are allocated according to the ratio of federal funds received to total receipts for the program or event.

To determine the portion of the costs attributable as an in-kind contribution—or coordinated party expenditure, if applicable—on behalf of a particular federal candidate, divide the amount received for the federal candidate by total receipts for all candidates. 106.1(a)(1) and 106.7(d)(4).

The allocation ratio is estimated before making payments for the program or event, based on a reasonable prediction of receipts. The committee has up to 60 days after the ending date of the program or event to:

- Adjust the ratio based on the actual funds received; and
- Transfer funds from the nonfederal account to the federal (or allocation) account based on the adjusted allocation percentage.

Should additional federal receipts come in after the 60-day period, further ratio adjustments and reimbursements from the federal account to the nonfederal account will be necessary. The committee must note the initial ratio and adjustments in its reports. (Federal law permits the federal account to pay more than its share of an allocable

expense. However, overpayments by the nonfederal account are illegal.)

For purposes of the 60-day time period, the last day of an event is either the final day of a telemarketing campaign or the day on which final direct mail solicitations are mailed. 106.7(d)(4)(ii).

#### **Unique Identifier:**

Because the allocation ratios will vary with each fundraising activity, committees are required to assign a unique title or code to each program or event and to use that identifier consistently when reporting the activity. 104.17(b)(1)(iii).

### **Time or Space Ratio**

#### **Used For:**

Communications that relate to federal and nonfederal elections and/or that support federal and nonfederal candidates, including direct candidate support activities, and that do not otherwise qualify as FEA or exempt party activity.

Note: Many communications will be considered FEA or exempt party activity or both. In those cases, the committee **may not** use the time/space allocation ratio.

#### **Calculation:**

Costs are allocated according to the ratio of space or time devoted to federal candidates compared with the total space or time devoted to all candidates, federal and nonfederal. In the case of a phone bank, the ratio is determined by the number of questions or statements devoted to federal candidates compared with the total number of questions or statements for all candidates (or elections). 106.1(a)(1).

To determine the portion of the costs attributable as an in-kind contribution, coordinated party expenditure or independent expenditure on behalf of (or in opposition to) a particular federal candidate, divide the space/time devoted to that candidate by the total space/time devoted to all candidates. 106.1(a)(1).

#### **Unique Identifier:**

Because the allocation ratios will vary with each candidate support activity, committees are required to assign a unique title or code to each activity and to use that identifier consistently when reporting the activity. 104.17(a)(1).

## **4. Payment of Allocated Expenses**

### **Payment from Federal or Allocation Account**

A party committee must pay the entire amount of an allocable expense from the federal account; it may transfer funds from the nonfederal account to the federal account solely to cover the nonfederal share of each allocable expense. 106.7(f)(1).

Alternatively, a party committee may establish a separate federal account—called an allocation account—solely for the purpose of paying allocable expenses. The committee transfers funds from its federal and nonfederal accounts to the allocation account in amounts equal to the federal and nonfederal shares of each allocable expense. 106.7(f)(2).

### **Transfers from Nonfederal Account**

Transfers from the nonfederal account to pay the nonfederal portion of an allocable expense must be made within a 70-day window: no more than 10 days before or 60 days after the day the federal account (or allocation account) makes the payment. 106.7(f)(2).

Exception: If the nonfederal account transfers additional funds to the federal or allocation account due to an adjusted allocation ratio for a fundraising event, the transfer must be made within 60 days after the date of a fundraising program or event. 106.7(d)(4)(ii).

Note that transfers from a nonfederal account to pay its allocated share of expenses are an exception to the overall ban on nonfederal transfers to a federal or allocation account. 102.5(a)(1)(i).

### **Transfers from Federal Account**

If an adjusted ratio for a fundraising event results in an increased federal portion, the federal account must transfer to the nonfederal account the increased share of federal fundraising payments. This is required because a nonfederal overpayment of an allocated expense, if left uncorrected, is a violation of the Act. The federal transfer to the nonfederal account must be made within the 60-day time limit explained above.

## 5. Reporting Allocated Administrative, Generic Voter Drive and Exempt Party Activity Expenses

### Required Forms

- Schedule H1—Allocation Ratio for Administrative, Voter Drive Expenses, Exempt Activity Costs and Federal Election Activity
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

### Allocation Ratio (H1)

A state or local party committee uses Schedule H1 to state its fixed percentage allocation ratio at the beginning of each calendar year.

### Nonfederal Transfers (H3)

Each reporting period, the committee discloses transfers from the nonfederal account to the federal (or allocation) account to pay the allocated nonfederal portion of administrative, voter drive and exempt activity costs. As previously noted, transfers must be made within a 70-day window (no more than 10 days before or 60 days after an allocated payment is made).

The total amount of transfers itemized on Schedule H3 is entered on Line 18(a) of the Detailed Summary Page.

## ALLOCATION RATIO FOR ADMINISTRATIVE / GENERIC VOTER DRIVE AND EXEMPT PARTY ACTIVITY EXPENSES (H1)

**SCHEDULE H1 (FEC Form 3X)**

**METHOD OF ALLOCATION FOR:**  
 ALLOCATED FEDERAL AND NON-FEDERAL ADMINISTRATIVE, GENERIC VOTER DRIVE AND EXEMPT ACTIVITY COSTS  
 ALLOCATED FEDERAL AND LEVIN FUNDS FEDERAL ELECTION ACTIVITY EXPENSES

NAME OF COMMITTEE (In Full)  
 Freedom Party State Committee

USE ONLY ONE SECTION

**State and Local Party Committees**

Fixed Percentage (select one)

\_\_\_\_ Presidential-Only Election Year (28% Federal)  
 Presidential and Senate Election Year (36% Federal)  
 \_\_\_\_ Senate-Only Election Year (21% Federal)  
 \_\_\_\_ Non-Presidential and Non-Senate Election Year (15% Federal)

## TRANSFER FROM NONFEDERAL ACCOUNT (H3)

**SCHEDULE H3 (FEC Form 3X)**  
**TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY**

NAME OF COMMITTEE (In Full)  
 Freedom Party State Committee

NAME OF ACCOUNT: Nonfederal Account      DATE OF RECEIPT: 05 / 10 / 2004      TOTAL AMOUNT TRANSFERRED: 3,200.00

BREAKDOWN OF TRANSFER RECEIVED

i) Total Administrative .....	3,200.00
ii) Generic Voter Drive .....	
iii) Exempt Activities .....	

## ALLOCATED PAYMENT (H4)

**SCHEDULE H4 (FEC Form 3X)**  
**DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE**

NAME OF COMMITTEE (In Full)  
 Freedom Party State Committee

A. Full Name (Last, First, Middle Initial)  
 Henry George Realty

Mailing Address  
 111 Property Street

City: \_\_\_\_\_ State: ST Zip Code: 00000

Purpose of Disbursement: Rent      Category/Type: 001

Activity or Event Identifier: \_\_\_\_\_ Date: 04 / 15 / 2004

Allocated Activity or Event:  
 Administrative     Fundraising     Exempt  
 Voter Drive     Direct Candidate Support

Allocated Activity or Event Year-To-Date: 5,000.00

FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
1,800.00		3,200.00		5,000.00

## Payments (H4)

Each reporting period, the committee uses Schedule H4 to itemize all payments for administrative, voter drive and exempt activity costs, showing the allocated federal and nonfederal shares.

## ESTIMATED FUNDRAISING RATIO (H2)

SCHEDULE H2 (FEC Form 3X) ALLOCATION RATIOS			PAGE 1 OF 1	
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.				
Methods of allocation:				
I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.				
II. Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.				
ACTIVITY OR EVENT IDENTIFIER Memorial Day Gala			FEDERAL %	NON-FEDERAL %
ACTIVITY IS: <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Direct Candidate Support			30.00 %	70.00 %
CHECK IF THE RATIO IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported				

## TRANSFER FROM NONFEDERAL ACCOUNT (H3)

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY			PAGE 1 OF 1 FOR LINE 18a OF FORM 3X	
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 05 / 31 / 2004	TOTAL AMOUNT TRANSFERRED 7,000.00		
iv) Direct Fundraising (List Activity or Event Identifier)				
a) Memorial Day Gala		7,000.00		
b)				
c) Total Amount Transferred For Direct Fundraising		7,000.00		

## ALLOCATED PAYMENT (H4)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			PAGE 1 OF 1 FOR LINE 21a OF FORM 3X	
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
A. Full Name (Last, First, Middle Initial) Champagn Jam Party Planners			Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address 111 Event Lane			<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
City	State	Zip Code	Allocated Activity or Event Year-To-Date 10,000.00	
	ST	00000		
Purpose of Disbursement: Fundraising Event Planning	003	Date 05 / 30 / 2004		
Activity or Event Identifier: Memorial Day Gala	Category/ Type			
FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
3,000.00		7,000.00		10,000.00

The federal and nonfederal payment totals that appear on Schedule H4 are entered on Lines 21a(i) and (ii) of the Form 3X Detailed Summary Page.

## Phone banks

In some cases, phone banks have their own allocation rules. See page 39.

## 6. Reporting Allocated Committee Fundraising Expenses

### Example

The Freedom Party State Committee raises money for its federal and nonfederal accounts at a banquet called "Memorial Day Gala" (the unique identifier). People buying tickets must designate their checks as either federal contributions (subject to the limits and prohibitions of the Act) or nonfederal contributions (subject to applicable state law). People wishing to contribute to both accounts must write separate checks to each account. The Freedom Party State Committee spends \$10,000 on "Memorial Day Gala."

### Required Forms

- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

## Estimated Fundraising Ratio (H2)

A committee raising money for both its federal and nonfederal accounts through the same fundraising activity allocates the costs

directly associated with the program or event according to the "funds received" method (ratio of federal funds received to total funds received). In the first reporting period in which money is spent on "Memorial Day Gala," the Freedom Party State Committee estimates the ratio on Schedule H2, as shown in the illustration.

The committee must continue to file Schedule H2 with each report disclosing a disbursement for "Memorial Day Gala."

## Nonfederal Transfer (H3)

Using Schedule H3, the Freedom Party State Committee reports the transfer received from the nonfederal account to pay the nonfederal portion of “Memorial Day Gala” (\$7,000). The unique identifier is again noted.

(The total amount of transfers itemized on Schedule H3 is entered on Line 18(a) of the Detailed Summary Page.)

## Payments (H4)

The committee discloses the federal and nonfederal shares of “Memorial Day Gala” payments on Schedule H4, again using the unique identifier.

(The federal and nonfederal payments totals that appear on Schedule H4 are entered on Lines 21a(i) and (ii) of the Detailed Summary Page.)

## Adjusted Ratio (H2)

Within 60 days after the last day of the program or event, the committee needs to adjust the allocation ratio to reflect the actual ratio of federal receipts to total receipts. The committee reports the adjusted ratio on Schedule H2. Note that the committee must disclose the date of a fundraising program or event when reporting an adjustment to the ratio.

(Further ratio adjustments will be necessary if additional receipts come in.)

## Federal Transfer (H4)

If the adjusted ratio increases the federal portion, the federal (or allocation) account must make a transfer to the nonfederal account for the nonfederal overpayment. The date of the program or event must be noted when reporting a transfer based on an adjusted ratio.

## ADJUSTED RATIO: FEDERAL PERCENTAGE INCREASED (H2)

SCHEDULE H2 (FEC Form 3X) ALLOCATION RATIOS		
PAGE 1 OF 1		
NAME OF COMMITTEE (In Full) Freedom Party State Committee		
RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.		
Methods of allocation: I. <b>FUNDRAISING</b> activities are allocated using the “funds received method” where the federal proportion of expenses must equal the federal proportion of monies raised. II. Shared <b>DIRECT CANDIDATE SUPPORT</b> activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.		
ACTIVITY OR EVENT IDENTIFIER Memorial Day Gala (05/30/04)	FEDERAL % 60.00 %	NON-FEDERAL % 40.00 %
ACTIVITY IS: <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Direct Candidate Support		
CHECK IF THE RATIO IS: <input type="checkbox"/> New <input checked="" type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported		

## FEDERAL TRANSFER (H4)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			
PAGE 1 OF 1 FOR LINE 21a OF FORM 3X			
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) Nonfederal Account	Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt		
Mailing Address 111 Headquarters Street	<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support		
City State Zip Code City ST 00000	Allocated Activity or Event Year-To-Date 55,000.00		
Purpose of Disbursement: Ratio Adjustment Transfer	003	Category/ Type	Date 06 / 15 / 2004
Activity or Event Identifier: Memorial Day Gala (05/30/04)			
FEDERAL SHARE +	NON-FEDERAL SHARE =	TOTAL AMOUNT	
5,000.00	-----	5,000.00	

## ADJUSTED RATIO: NONFEDERAL PERCENTAGE INCREASED (H2)

SCHEDULE H2 (FEC Form 3X) ALLOCATION RATIOS			PAGE 1 OF 1
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.			
Methods of allocation: I. <b>FUNDRAISING</b> activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised. II. Shared <b>DIRECT CANDIDATE SUPPORT</b> activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.			
ACTIVITY OR EVENT IDENTIFIER Memorial Day Gala (05/30/04)	FEDERAL % 40.00 %	NON-FEDERAL % 60.00 %	
ACTIVITY IS: <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Direct Candidate Support			
CHECK IF THE RATIO IS: <input type="checkbox"/> New <input checked="" type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported			

## Adjusted Ratio (H2) Nonfederal Transfer (H3)

If the adjusted ratio increases the nonfederal portion, the nonfederal account may transfer the additional amount to the federal account if it does so within 60 days after the date of the event. Nonfederal transfers are itemized on Schedule H3. The date of the program or event must be noted when reporting a ratio adjustment or a corrective transfer.

## NONFEDERAL TRANSFER (H3)

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY			PAGE 1 OF 1 FOR LINE 18a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 06 / 15 / 2004	TOTAL AMOUNT TRANSFERRED 5,000.00	
iv) Direct Fundraising (List Activity or Event Identifier)			
a) Memorial Day Gala (05/30/04)	5,000.00		
b)			
c) Total Amount Transferred For Direct Fundraising	5,000.00		

## 7. Candidate Support Activities as In-Kind Contributions

This section discusses how to report direct candidate support which is an in-kind contribution. However, direct candidate support may instead be a coordinated party expenditure, independent expenditure or exempt party activity. Each type should be reported accordingly.

### Example

The Freedom Party State Committee decides to sponsor a limited mailing urging support of two federal candidates (a U.S. House candidate and a U.S. Senate candidate) and three nonfederal candidates. The committee pays \$1,000 to design and mail the 300 letters.

Note: Because the mailing is less than 500 letters in thirty days, it does not qualify as a *public communication*. Had the communication qualified as a mass mailing and supported a federal candidate, then it would have been considered FEA and its cost would be paid for entirely with federal funds.

### Required Forms

- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses
- Schedule B for Line 23—Contributions to Federal Candidates

## CANDIDATE SUPPORT RATIO (H2)

SCHEDULE H2 (FEC Form 3X) ALLOCATION RATIOS		
PAGE 1 OF 1		
NAME OF COMMITTEE (In Full) Freedom Party State Committee		
RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.		
Methods of allocation:		
I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.		
II. Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.		
ACTIVITY OR EVENT IDENTIFIER June Mailing	FEDERAL % 40.00 %	NON-FEDERAL % 60.00 %
ACTIVITY IS: <input type="checkbox"/> Fundraising <input checked="" type="checkbox"/> Direct Candidate Support		
CHECK IF THE RATIO IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported		

## TRANSFER FROM NONFEDERAL ACCOUNT (H3)

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY		
PAGE 1 OF 1 FOR LINE 18a OF FORM 3X		
NAME OF COMMITTEE (In Full) Freedom Party State Committee		
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 07 / 20 / 2004	TOTAL AMOUNT TRANSFERRED 600.00
v) Candidate Support (List Activity or Event Identifier)		
a) June Mailing		600.00

### Allocation Ratio (H2)

The committee uses Schedule H2 to disclose the allocation ratio for "June Mailing" (the unique identifier). The federal allocation percentage is calculated using the time/space method (ratio of time/space devoted to federal candidates to total time/space devoted to all candidates). In this case, 40 percent of the total space is devoted to federal candidates, so the ratio is 40 percent federal and 60 percent nonfederal.

### Nonfederal Transfer (H3)

The committee discloses the transfer from the nonfederal account to pay the allocated nonfederal portion of "June Mailing" costs. As previously noted, a transfer must be made no more than 10 days before or 60 days after payment is made.

The total amount of transfers itemized on Schedule H3 is entered on Line 18(a) of the Detailed Summary Page.

## ALLOCATED PAYMENT (H4)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			PAGE 1 OF 1 FOR LINE 21a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) Dee Zyner		Allocated Activity or Event: <input type="checkbox"/> Administrative <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input checked="" type="checkbox"/> Direct Candidate Support	
Mailing Address 111 Adobe Ave.		Allocated Activity or Event Year-To-Date 1000.00	
City	State	Zip Code	
	ST	00000	
Purpose of Disbursement: Graphics Design	011	Date: 06 / 01 / 2004	
Activity or Event Identifier: June Mailing (See Schedule B, Line 23)	Category/ Type		
FEDERAL SHARE MEMO +		NON-FEDERAL SHARE =	TOTAL AMOUNT
400.00		600.00	1000.00

## Payments (H4 and B)

The committee uses Schedule H4 to itemize the two payments for "June Mailing" Because the allocated federal shares result in contributions in-kind, they are itemized as memo entries with cross references to Schedule B for Line 23, where the in-kind contributions are itemized.

The Schedule B entries include the amounts allocable to each federal candidate, also based on the time/space method. In this case, the committee allocates 50 percent of the federal payment to each candidate.

Nonfederal payments disclosed on Schedule H4 are entered on Line 21 a(ii) of the Form 3X Detailed Summary Page. The Schedule B total is entered on Line 23.

## ALLOCATION OF IN-KIND CONTRIBUTION (B)

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		FOR LINE NUMBER: (check only one)	PAGE OF
Use separate schedule(s) for each category of the Detailed Summary Page		<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29 <input type="checkbox"/> 30b	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) Dee Zyner		Date of Disbursement 06 / 01 / 2004	
Mailing Address 111 Adobe Ave.		Amount of Each Disbursement this Period 400.00	
City	State	Zip Code	
	ST	00000	
Purpose of Disbursement Graphics Design	011	See allocation below.	
Candidate Name June Mailing	Category/ Type		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
State: District:			
B. Full Name (Last, First, Middle Initial) Guy Blank for Congress		Date of Disbursement 06 / 01 / 2004	
Mailing Address 111 Gari Street		Amount of Each Disbursement this Period 200.00	
City	State	Zip Code	
	ST	00000	
Purpose of Disbursement Contribution	011	MEMO	
Candidate Name Guy Blank	Category/ Type		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)		
State: ST District: 6			
C. Full Name (Last, First, Middle Initial) Bob Voteworthy for Congress		Date of Disbursement 06 / 01 / 2004	
Mailing Address 111 Demos Street		Amount of Each Disbursement this Period 200.00	
City	State	Zip Code	
	ST	00000	
Purpose of Disbursement Contribution	011	MEMO	
Candidate Name Bob Voteworthy	Category/ Type		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)		
State: ST District: 5			
SUBTOTAL of Disbursements This Page (optional)			
TOTAL This Period (last page this line number only)			

## 8. Transfers and Payments Covering Different Categories

The sample forms in this section show:

- How to report a nonfederal transfer that covers nonfederal payments for several allocable activities; and
- How to report a payment to one vendor for several categories of expenses.

### Schedule H3

The Schedule H3 below shows how to report transfers received from a nonfederal account to pay for different categories of allocable expenses.

The \$4,000 transfer covers the following allocable expenses:

- A direct fundraising event (“Big Gala”); and
- An exempt party activity (“Johnson/Smith Posters”).

### Schedule H4

The Schedule H4 below shows how to report a payment covering expenses for:

- The “Big Gala” fundraiser; and
- The “Johnson/Smith Posters” exempt party activity.

## NONFEDERAL TRANSFER (H3)

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY			PAGE 1 OF 1 FOR LINE 18a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 08 / 31 / 2004	TOTAL AMOUNT TRANSFERRED 4,000.00	
iv) Direct Fundraising (List Activity or Event Identifier)			
a) Big Event		2,000.00	
b)			
c) Total Amount Transferred For Direct Fundraising			2,000.00
v) Candidate Support (List Activity or Event Identifier)			
a) Johnson / Smith Posters		2,000.00	
b)			
c) Total Amount Transferred For Direct Candidate Support			2,000.00
TOTALS FOR BREAKDOWN OF TRANSFER RECEIVED			
TOTAL This Period (Administrative)			
TOTAL This Period (Generic Voter Drive)			
TOTAL This Period (Direct Fundraising Amount)			2,000.00
TOTAL This Period (Direct Candidate Support)			2,000.00
TOTAL This Period (Exempt Activities)			
TOTAL This Period (Total Amount Transferred)			4,000.00

## ALLOCATED PAYMENT (H4)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			PAGE 1 OF 1 FOR LINE 21a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) Acme Printing		Allocated Activity or Event: <input type="checkbox"/> Administrative <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
Mailing Address 111 Gutenberg St.		Allocated Activity or Event Year-To-Date	
City	State	Zip Code	
City	ST	00000	
Purpose of Disbursement: Printing (see below)		Category/ Type	Date
Activity or Event Identifier: Big Event			09 / 01 / 2004
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
			MEMO 11,000.00
B. Full Name (Last, First, Middle Initial) Acme Printing		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
Mailing Address 111 Gutenberg St.		Allocated Activity or Event Year-To-Date	
City	State	Zip Code	
City	ST	00000	
Purpose of Disbursement: Printing Invitations		Category/ Type	Date
Activity or Event Identifier: Big Event			09 / 01 / 2004
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
			5,000.00
C. Full Name (Last, First, Middle Initial) Acme Printing		Allocated Activity or Event: <input type="checkbox"/> Administrative <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input checked="" type="checkbox"/> Direct Candidate Support	
Mailing Address 111 Gutenberg St.		Allocated Activity or Event Year-To-Date	
City	State	Zip Code	
City	ST	00000	
Purpose of Disbursement: Printing		Category/ Type	Date
Activity or Event Identifier: Johnson / Smith Posters			09 / 01 / 2004
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
			6,000.00
SUBTOTAL of Allocated Federal and Non-Federal Activity This Page			
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
			11,000.00

## ALLOCATION OF REBATE (H4) (METHOD 1)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE 1 OF 1 FOR LINE 21a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
A. Full Name (Last, First, Middle Initial) Acme Office Supplies		Allocated Activity or Event: <input checked="" type="checkbox"/> Administrative <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support		
Mailing Address 111 Paddenpencil St.		Allocated Activity or Event Year-To-Date 6,600.00		
City City	State ST	Zip Code 00000	Date 03 / 15 / 2004	
Purpose of Disbursement: Rebate	Category/ Type 001	Activity or Event Identifier:		
FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
-144.00		-256.00		-400.00

## RECEIPT OF REBATE (A/LINE 15) (METHOD 2)

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		FOR LINE NUMBER: PAGE 1 OF 1 (check only one)
Use separate schedule(s) for each category of the Detailed Summary Page		<input type="checkbox"/> 11a <input type="checkbox"/> 11b <input checked="" type="checkbox"/> 11c <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		
NAME OF COMMITTEE (In Full) Freedom Party State Committee		
A. Full Name (Last, First, Middle Initial) Acme Office Supplies		Date of Receipt 03 / 01 / 2004
Mailing Address 111 Paddenpencil St.		Amount of Each Receipt this Period 400.00
City City	State ST	Zip Code 00000
FEC ID number of contributing federal political committee. C	Name of Employer	Occupation
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Aggregate Year-to-Date 400.00	
Rebate.		

## NONFEDERAL TRANSFER (H4) (METHOD 2)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE 1 OF 1 FOR LINE 21a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
A. Full Name (Last, First, Middle Initial) Freedom Party State Committee Nonfederal Account		Allocated Activity or Event: <input checked="" type="checkbox"/> Administrative <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support		
Mailing Address 111 Politics St.		Allocated Activity or Event Year-To-Date		
City City	State ST	Zip Code 00000	Date 03 / 15 / 2004	
Purpose of Disbursement: Transfer of Nonfederal Share of Rebate (See Schedule A)	Category/ Type 001	Activity or Event Identifier:		
FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
256.00		0.00		256.00

## 9. Refunds and Rebates of Allocable Expenses

If a committee receives a refund or a rebate of an allocable expense, the refund or rebate must be deposited in the federal or allocation account. The refund or rebate must then be allocated between the federal and nonfederal accounts according to the same allocation ratio used to allocate the original disbursement. The federal account must transfer the non-federal portion to the nonfederal account.

### Example

A committee receives a \$400 rebate on office equipment from the Acme Office Store. The original purchase was an administrative expense allocated according to the following ratio: 64 percent federal; 36 percent nonfederal.

Reporting Method 1 illustrates how this rebate would be reported according to the method approved in Advisory Opinion (AO) 1995-22. Reporting Method 2 shows how the rebate would be reported under an alternative method.

### Reporting Method 1

Using the method of reporting described in AO 1995-22, the committee discloses the receipt of the rebate and the federal and nonfederal shares on Schedule H4.

The amounts are negative entries subtracted from total shared federal and nonfederal disbursements for the reporting period (disclosed on Lines 21 a(i) and (ii) of the Detailed Summary Page).

### Reporting Method 2

Under the alternative method, the committee reports the receipt of the \$400 rebate under the category "Offsets to Operating Expenditures" on

Line 15 of the Form 3X Detailed Summary Page. The committee uses Schedule H4 to disclose the federal account's \$256 transfer to the nonfederal account for the nonfederal share.

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## 10. Prohibited In-Kind Donations for Allocable Activities

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While contributions from corporations, labor organizations and federal government contractors are prohibited under federal law, they are permissible under some state laws. If that is the case, such donations may be accepted by a nonfederal account for strictly nonfederal activity. However, the situation is more complicated when donations of goods or services from such sources are made in connection with allocable activity, such as a fundraiser at which both federal and nonfederal funds are collected.

In AO 1992-33, the Commission explained how a committee can legally accept an in-kind donation from a prohibited source in connection with an allocable administrative or fundraising activity. Note that the Commission has not addressed the receipt of in-kind donations from prohibited sources for the other types of allocable expenses (i.e., generic voter drives and candidate support activity).

### Advance Payment of Federal Share

To avoid the receipt of a prohibited contribution by the federal account, that account must pay the nonfederal account for the federal share of the in-kind donation. This payment—a transfer to the nonfederal account—must be made in advance or on the date the goods or services are received.

### Per-Transaction Transfers

The federal transfer may be made on a per-transaction basis—that is, shortly before or on the same day the in-kind donation is received.

### Escrow Transfers

Alternatively, the federal account may make bulk transfers to cover the federal share of anticipated in-kind donations. Under this “escrow” arrangement, a committee makes a good faith estimate of the amount of in-kind donations that it expects to receive and transfers sufficient funds from the federal account to cover the federal share.

### Adjustments

Should the federal account pay more than its share of an in-kind donation, adjustment transfers from the nonfederal account are permissible.

### Basic Reporting of In-Kind Donations: Example

On October 1, a state party committee receives a \$5,000 in-kind donation of flowers from a corporation for a federal/nonfederal fundraiser (“Chairman’s Gala”). The estimated allocation ratio for the fundraiser is 50 percent federal and 50 percent nonfederal. That same day, the federal account transfers its share of the in-kind donation (\$2,500) to the nonfederal account.

### Required Forms

- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

## RECEIPT OF IN-KIND DONATION (H3)

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY			PAGE 1 OF 1 FOR LINE 18a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 10 / 01 / 2004	TOTAL AMOUNT TRANSFERRED 5,000.00	
BREAKDOWN OF TRANSFER RECEIVED			
i) Total Administrative .....			
ii) Generic Voter Drive .....			
iii) Exempt Activities .....			
iv) Direct Fundraising (List Activity or Event Identifier)			
a) Chairman's Gala - In Kind		5,000.00	

## DISBURSEMENT OF IN-KIND DONATION; FEDERAL TRANSFER (H4)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			PAGE 1 OF 1 FOR LINE 21a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) Pretty Flowers, Inc.		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address 111 Primrose Path		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
City	State	Zip Code	Allocated Activity or Event Year-To-Date 21,000.00
	ST	00000	
Purpose of Disbursement: Flowers - In Kind	003	Date	10 / 01 / 2004
Activity or Event Identifier: Chairman's Gala	Category/ Type		
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
0.00		5,000.00	5,000.00
B. Full Name (Last, First, Middle Initial) Freedom Party State Committee		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address 111 Politics St.		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
City	State	Zip Code	Allocated Activity or Event Year-To-Date
	ST	00000	
Purpose of Disbursement: Transfer of Federal Share of In Kind	003	Date	10 / 01 / 2004
Activity or Event Identifier: Chairman's Gala	Category/ Type		
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
2,500.00		0.00	2,500.00

### Schedule H3—Receipt of In-Kind Donation

The committee reports the receipt of the in-kind donation as a transfer from the nonfederal account for the “Chairman’s Gala” fundraiser. The date used here is the date the committee received the flowers.

### “Disbursement” of In-Kind Donation (H4)

Like in-kind contributions, in-kind donations must be reported as both receipts and disbursements so as not to inflate the cash-on-hand balance. (The disbursement side reflects the use or “expenditure” of the resources.) Schedule H4 is used for the disbursement entry, which shows the \$5,000 in-kind donation as a 100 percent nonfederal disbursement. The donor’s name and address is disclosed in the box generally used for payees.

### Transfer from Federal Account (H4)

The second entry on Schedule H4 shows the contemporaneous transfer of \$2,500 (the federal share of the donation) from the federal account to the nonfederal account. The explanation of the transfer is described in the “Purpose” box, with a reference to the previous entry.

## Alternative Reporting Method

To minimize entries and avoid duplication, a committee may use alternative methods to report transactions relating to in-kind donations.

The committee may use one entry on Schedule H3 to show the receipt of all in-kind donations made within the same reporting period for a particular fundraising program or event (or administrative activity).

The committee may also use one entry on Schedule H4 to show total federal payments (transfers) made on the same day for the federal share of in-kind donations.

**Example**

A committee receives two in-kind donations from prohibited sources for a mixed federal/nonfederal fundraising event, “July Fund-raiser”:

- Invitations donated by XYZ Printing (value: \$3,000) received on July 1; and
- Balloons donated by Balloons!, Inc. (value: \$1,000) received on July 15.

The fundraising ratio for “July Fundraiser” is 50 percent federal, 50 percent nonfederal. The federal account transfers its \$2,000 share of the two donations on July 1.

**Schedule H3—Receipt of In-Kind Donations**

The committee uses one entry on Schedule H3 to show the total in-kind donations for “July Fund-raiser” received during the reporting period. The “date of receipt” shows the period during which the committee received the contributions. The “July Fundraiser” entry cross references the Schedule H4 entries showing the “disbursement” of the donations and the identity of the contributors.

**Schedule H4—“Disbursement” of Donations; Federal Transfer**

Schedule H4 shows the “disbursement” of the two in-kind donations by the nonfederal account, each entry identifying the donor and the dates the donations were received.

The third entry shows the federal account’s payment for its 50 percent share of the two donations and the date of the transfer to the nonfederal account. The entry refers to the previous two entries to show the transfer relates to those transactions.

**“Escrow” Transfer**

Advance transfers from the federal account to the nonfederal account to pay the federal share of anticipated in-kind donations for allocable activities are reported on Schedule H4 as federal

**RECEIPT OF IN-KIND DONATION (H3)**

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY			PAGE 1 OF 1 FOR LINE 18a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT M / D / Y / /	TOTAL AMOUNT TRANSFERRED 4,000.00	
iv) Direct Fundraising (List Activity or Event Identifier)			
a) July Fundraiser - In-kind see H4, p. 1, entries A&B		4,000.00	
b)			
c) Total Amount Transferred For Direct Fundraising			4,000.00

**DISBURSEMENT OF IN-KIND DONATION;  
FEDERAL TRANSFER (H4)**

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			PAGE 1 OF 1 FOR LINE 21a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) XYZ Printing		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
Mailing Address 111 Pulp Street		Allocated Activity or Event Year-To-Date 3,000.00	
City	State	Zip Code	
City	ST	00000	
Purpose of Disbursement: Invitations - In-kind		003	
Activity or Event Identifier: July Fundraiser		Category/Type	Date 07 / 01 / 2004
FEDERAL SHARE		+	NON-FEDERAL SHARE
0.00			3,000.00
		=	TOTAL AMOUNT
			3,000.00
B. Full Name (Last, First, Middle Initial) Balloons! Inc.		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
Mailing Address 99 Luft St.		Allocated Activity or Event Year-To-Date 1,000.00	
City	State	Zip Code	
City	ST	00000	
Purpose of Disbursement: Balloons - In-kind		003	
Activity or Event Identifier: July Fundraiser		Category/Type	Date 07 / 15 / 2004
FEDERAL SHARE		+	NON-FEDERAL SHARE
0.00			1,000.00
		=	TOTAL AMOUNT
			1,000.00
C. Full Name (Last, First, Middle Initial) Freedom Party State Committee Nonfederal Account		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
Mailing Address 111 Politics St.		Allocated Activity or Event Year-To-Date	
City	State	Zip Code	
City	ST	00000	
Purpose of Disbursement: Transfer of Federal Share of In-kind		003	
Activity or Event Identifier: July Fundraiser		Category/Type	Date 07 / 01 / 2004
FEDERAL SHARE		+	NON-FEDERAL SHARE
2,000.00			0.00
		=	TOTAL AMOUNT
			2,000.00

share payments. If known, the particular activity (fundraising program/event or administrative) to which the transfer applies should be noted. Any adjustment payments made from the nonfederal account to the federal account would appear on Schedule H3, noting the previous H4 entries to which they relate.

## CHAPTER 14

# Reporting Federal Election Activity

## 1. What to Report

If a state, district or local party committee's combined annual receipts and disbursements for federal election activity (FEA) are \$5,000 or more, then it must disclose all receipts and disbursements for FEA, including those of Levin funds. 300.36(b)(2).

State, district and local party committees that have less than \$5,000 in receipts and disbursements for FEA are required to disclose only their federal receipts and disbursements for FEA. 300.36(b)(1).

## 2. When to File

A state, district or local party committee that has had any federal receipts or disbursements for FEA—or any reportable Levin receipts and disbursements—must file monthly. 300.36(c). Once a committee triggers the monthly filing requirement, it must file the next regularly scheduled monthly report and must continue to file monthly for the remainder of the calendar year. During the next year, if a committee would like to return to a quarterly filing schedule and is eligible to do so, it must file a request with the Commission. Committees filing electronically must file the request in an electronic format. 104.5(c)(3).

## 3. Reporting Receipts and Disbursements of Levin Funds

### Schedule L – Aggregation Page

Aggregate receipts and disbursements are reported on Schedule L. The L Schedules are memo schedules and do not affect totals on the Summary and Detailed Summary Pages.

### Line 1: Receipts from persons

Report total Levin fund donations received from individuals, committees and other entities that aggregate to \$200 or more on Line 1 (a). 300.36(b)(2)(iv). Unitemized receipts are reported on Line 1 (b).

### Line 2: Other receipts

Report any receipts which are not donations, such as refunds, interest dividends, etc.

### Line 3: Total Receipts

Enter the total of Lines 1 and 2 on Line 3.

### Line 4: Transfers to Federal or Allocation Account

Itemize any Levin fund transfers into the federal or allocation account on Schedule L-B. Report the amount for each disbursement category, on Lines 4a-d. Enter the total on Line 4e.

### Line 5: Other Disbursements

Enter the total amount of all other Levin fund disbursements. Any disbursements of \$200 or more are also itemized on Schedule L-B.

### Line 6: Total Disbursements

Enter the total of Lines 4e and 5 on Line 6.

### Line 7: Beginning Cash on Hand

Enter the total amount of Levin funds on hand at the beginning of the reporting period. For Column B, enter the total amount of cash on hand as of January 1 of the calendar year.

### Line 8: Total Receipts

Repeat the total from Line 3.

### Line 9: Subtotal

Add lines 7 and 8.

### Line 10: Disbursements

Repeat the total from Line 6

### Line 11: Ending Cash on Hand

Subtract Line 10 from Line 9 to determine the Levin funds on hand at the end of the reporting period.

## Schedule L-A - Levin Fund Receipts

Itemize any receipt of \$200 or more on Schedule L-A. 300.36(b)(2)(iv).

Committees must categorize their receipts between donations, which are reported on Line 1a of the Levin fund aggregation page, and other receipts such as refunds or uncashed checks which are reported on Line 2. Use separate Schedules for the different categories of receipts and note the Line number in the upper-right corner.

## Schedule L-B – Levin Fund Disbursements

Itemize any disbursement of \$200 or more on Schedule L-B.

Committees must categorize their transfers on Line 4 by what type of federal election activity was allocated – voter registration, voter identification, get out the vote activity or generic campaign activity. Other disbursements must be itemized when they aggregate \$200 or more per entity in the calendar year. Use separate Schedules for each category of disbursement and note the Line number in the upper-right corner.

## RECEIPT OF LEVIN FUNDS (L-A)

SCHEDULE L-A (FEC Form 3X)		PAGE 1 OF 1	
ITEMIZED RECEIPTS OF LEVIN FUNDS		FOR LINE NUMBER: <input checked="" type="checkbox"/> 1a <input type="checkbox"/> 2	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
Full Name (Last, First, Middle Initial) / Full Organization Name		Date of Receipt	
A. Globo-Chem Industries		02 / 14 / 2004	
Mailing Address 111 Conglomerate Ave.		Amount of Each Receipt this Period	
City State Zip Code City ST 00000		2,000.00	
Name of Employer or Principal Place of Business Occupation		Aggregate Year-to-Date 2,000.00	
Full Name (Last, First, Middle Initial) / Full Organization Name		Date of Receipt	
B. Lira, Max		02 / 23 / 2004	
Mailing Address 111 Tribute Street		Amount of Each Receipt this Period	
City State Zip Code City ST 00000		3,000.00	
Name of Employer or Principal Place of Business Occupation Globo-Chem Industries Director of Acquisitions		Aggregate Year-to-Date 3,000.00	

## LEVIN FUND AGGREGATION PAGE (L)

SCHEDULE L (FEC Form 3X)		
AGGREGATION PAGE: LEVIN FUNDS		
NAME OF COMMITTEE (In Full) Freedom Party State Committee		
NAME OF ACCOUNT Freedom Party State Committee Levin Account		
	COLUMN A TOTAL THIS PERIOD	COLUMN B YEAR-TO-DATE
1. RECEIPTS FROM PERSONS		
(a) Itemized ..... (Use Schedule L-A)	5,000.00	5,000.00
(b) Unitemized .....	6,000.00	6,000.00
(c) Total .....	11,000.00	11,000.00
2. OTHER RECEIPTS .....		
3. TOTAL RECEIPTS .....	11,000.00	11,000.00
	(Add Lines 1c and 2)	

## 4. Allocation of Federal Election Activity

### When Allocation is Required

If the total disbursements for allocable FEA in a calendar year do not exceed \$5,000, then the entire amount may be paid with Levin funds. 300.32(c)(4). However, if a committee's total allocable FEA disbursements exceed \$5,000, the disbursements must be either paid for entirely with federal funds or allocated between federal and Levin funds (if it is allocable FEA).



## Allocation Ratio

When allocating FEA, committees must use a fixed minimum percentage of federal funds. The minimum percentage of federal funds depends upon which federal offices appear on the ballot during the election year:

- If both a Presidential candidate and a Senate candidate appear on the ballot, then at least 36 percent of the expenses must be allocated to the federal account;
- If a Presidential candidate, but not a Senate candidate, appears on the ballot, then at least 28 percent of the expenses must be allocated to the federal account;
- If a Senate candidate, but not a Presidential candidate, appears on the ballot, then at least 21 percent of the expenses must be allocated to the federal account; and
- If neither a Presidential candidate nor a Senate candidate appears on the ballot, then at least 15 percent of the expenses must be allocated to the federal account.

## 5. Reporting Unallocated Federal Election Activity

Report disbursements for unallocated FEA (FEA paid for entirely with federal funds) on Schedule B for Line 30(b) of the Detailed Summary Page. This includes payments for public communications that promote, attack, support or oppose any candidate for federal office. See Chapter 12 for further instructions.

## ALLOCATION RATIO FOR LEVIN ACTIVITY (H1)

<p><b>SCHEDULE H1 (FEC Form 3X)</b></p> <p><b>METHOD OF ALLOCATION FOR:</b></p> <p><b>ALLOCATED FEDERAL AND NON-FEDERAL ADMINISTRATIVE, GENERIC VOTER DRIVE AND EXEMPT ACTIVITY COSTS</b></p> <p><b>ALLOCATED FEDERAL AND LEVIN FUNDS FEDERAL ELECTION ACTIVITY EXPENSES</b></p>	
<p>NAME OF COMMITTEE (In Full)</p> <p>Freedom Party State Committee</p>	
<p><b>USE ONLY ONE SECTION</b></p>	
<p><b>State and Local Party Committees</b></p> <p>Fixed Percentage (select one)</p> <p><input type="checkbox"/> Presidential-Only Election Year (28% Federal)</p> <p><input checked="" type="checkbox"/> Presidential and Senate Election Year (36% Federal)</p> <p><input type="checkbox"/> Senate-Only Election Year (21% Federal)</p> <p><input type="checkbox"/> Non-Presidential and Non-Senate Election Year (15% Federal)</p>	

## 6. Reporting Allocated Expenses

### Required Forms

- Schedule H1 - Allocation Ratio for Administrative, Generic Voter Drive and Exempt Activity Costs and Federal Election Activity;
- Schedule H5 – Transfers of Levin Funds Received for Allocated Federal Election Activity; and
- Schedule H6 – Disbursements of Federal and Levin Funds for Allocated Federal Election Activity.

### Allocation Ratio (H1)

A state, district or local party committee uses Schedule H1 to calculate its allocation ratio at the beginning of each calendar year.

## LEVIN TRANSFER (H5)

SCHEDULE H5 (FEC Form 3X) TRANSFERS OF LEVIN FUNDS RECEIVED FOR ALLOCATED FEDERAL ELECTION ACTIVITY (To be used by State, District and Local Party Committees Only)			PAGE 1 OF 1 FOR LINE 18b OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
NAME OF ACCOUNT Levin Account	DATE OF RECEIPT 05 / 15 / 2004	TOTAL AMOUNT TRANSFERRED 6,400.00	
BREAKDOWN OF THIS TRANSFER			
i) Voter Registration Total Amount Transferred for Voter Registration .....		VOTER REGISTRATION	
ii) Voter ID Total Amount Transferred for Voter ID .....		VOTER ID 6,400.00	

## LEVIN TRANSFER (L-B/LINE 4b)

SCHEDULE L-B (FEC Form 3X) ITEMIZED DISBURSEMENTS OF LEVIN FUNDS		FOR LINE NUMBER: PAGE 1 OF 1 (check only one) <input checked="" type="checkbox"/> 4a <input type="checkbox"/> 4c <input type="checkbox"/> 5 <input type="checkbox"/> 4b <input type="checkbox"/> 4d
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		
NAME OF COMMITTEE (In Full) Freedom Party State Committee		
Full Name (Last, First, Middle Initial) / Full Organization Name		
A. Freedom Party State Committee, Federal Account	Date of Disbursement 05 / 15 / 2004	
Mailing Address 111 Headquarters Street		
City City	State ST	Zip Code 00000
Purpose of Disbursement Transfer of Levin Funds	Amount of Each Disbursement this Period 6,400.00	

## ACCOUNTING FOR LEVIN TRANSFER ON AGGREGATION PAGE (L)

SCHEDULE L (FEC Form 3X) AGGREGATION PAGE: LEVIN FUNDS		
NAME OF COMMITTEE (In Full) Freedom Party State Committee		
NAME OF ACCOUNT Freedom Party State Committee Levin Account		
	COLUMN A TOTAL THIS PERIOD	COLUMN B YEAR-TO-DATE
1. RECEIPTS FROM PERSONS		
(a) Itemized ..... (Use Schedule L-A)		
(b) Unitemized .....		
(c) Total .....		
2. OTHER RECEIPTS .....		
3. TOTAL RECEIPTS .....		
(Add Lines 1c and 2)		
4. TRANSFERS TO FEDERAL OR ALLOCATION ACCOUNT (Use Schedule L-B)		
(a) Voter Registration .....		
(b) Voter ID .....	6,400.00	10,000.00

## Levin Transfers (H5)

Each reporting period, the committee discloses transfers from the Levin account to the federal (or allocation) account to pay the allocated portion of allocable federal election activity costs. Transfers must be made within a 70-day window (no more than 10 days before or 60 days after an allocated payment is made). 300.33(d)(2).

## Levin fund transfers are itemized on Schedule L-B.

The total amount of transfers itemized on Schedule H5 is entered on Line 18(b) of the Detailed Summary Page.

## Payments (H6)

Each reporting period, the committee uses Schedule H6 to itemize all payments for allocable federal election activity costs, showing the allocated federal and Levin shares.

The federal and Levin payment totals that appear on Schedule H6 are entered on Line 30(a) of the Form 3X Detailed Summary Page (federal share on Line 30(a)(i) and Levin share on Line 30(a)(ii)).

## LEVIN PAYMENT (H6)

SCHEDULE H6 (FEC Form 3X) DISBURSEMENTS OF FEDERAL AND LEVIN FUNDS FOR ALLOCATED FEDERAL ELECTION ACTIVITY (To be used by State, District and Local Party Committees Only)			PAGE 1 OF 1 FOR LINE 30a OF FORM 3X
NAME OF COMMITTEE (in Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) / Full Organization Name Voter Strategies		Type of Allocated Activity or Event: <input type="checkbox"/> Voter Registration <input type="checkbox"/> GOTV <input checked="" type="checkbox"/> Voter ID <input type="checkbox"/> Generic Campaign	
Mailing Address 111 Data Rd.		Allocated Activity or Event Year-To-Date 10,000.00	
City	State	Zip Code	
City	ST	00000	
Purpose of Disbursement Voter ID Calls		Category/ Type	Date 04 / 30 / 2004
FEDERAL SHARE	+	LEVIN SHARE	= TOTAL AMOUNT
3,600.00		6,400.00	10,000.00

## CHAPTER 15

# Termination and Debt Settlement

## 1. Committees with No Outstanding Debts

A party committee may terminate its registration and reporting obligations by filing a termination report, provided that:

- The committee no longer intends to receive contributions, make expenditures, or make any disbursements that would otherwise qualify it as a political committee. 102.3(a)(1);
- Neither the committee seeking to terminate nor any *affiliated* committee has any outstanding debts or obligations (102.3); and
- The committee is not involved in an enforcement action, an audit or litigation with the FEC.

### Termination Report

A party committee that meets the above criteria may file a termination report at any time. The treasurer must check the “Termination Report” box on Line 4 of the Form 3X Summary Page.

The termination report must disclose:

- All receipts and disbursements not previously reported, including an accounting of debt retirement; and
- The purposes for which any remaining committee funds will be used. 102.3(a).

A party committee may use its remaining funds for any lawful purpose, including refunding them to their donors or giving them to charity. AOs 1992-10 and 1991-21.

### When to Stop Reporting

The committee’s reporting obligation ends when the Commission notifies the committee in writing that the termination report has been accepted.

## 2. Committees with Outstanding Debts: Debt Settlement

### Eligibility for Debt Settlement

A committee that has outstanding debts but wants to terminate may settle its debts for less than the full amount owed to the creditors. This option is available only to a *terminating committee*—i.e., a committee which no longer intends to support candidates and which receives contributions and makes expenditures only for the purpose of paying winding-down administrative expenses (if any) and retiring debts. 116.1(a) and 116.2(a). (An *ongoing committee*—i.e., a committee that does not qualify as a terminating committee—is not eligible for debt settlement and must continuously report debts until they are extinguished. 104.3(d), 116.1(b) and 116.2(b). However, the committee may resolve their disputed debts or may request a Commission determination that such debts are not payable. 116.10 and 116.9)

### Debts Subject to Settlement

The types of debts that are subject to debt settlement requirements include:

- Amounts owed to commercial vendors;
- Debts arising from advances by individuals<sup>1</sup> (e.g., staff using personal funds or credit to purchase goods and services on behalf of the committee);
- Salary owed to committee employees; and
- Loans owed to political committees or individuals (including candidates). 116.7(b).

### Debts Not Subject to Settlement

The debt settlement rules do not apply to:

- *Disputed debts*, which are covered by other rules (see below). 116.7(c)(2) and 116.10.
- Bank loans. However, the Commission recognizes that under extraordinary circumstances, such as the death or bankruptcy of the candidate, settlement of bank loans may be appropriate. (The Commission will consider specific requests on a case-by-case basis.)

<sup>1</sup> Advances of personal funds for committee expenses are treated as contributions under most circumstances. See page 10 for more information.

## Debt Settlement Rules

A commercial vendor (incorporated or unincorporated) may forgive or settle debts owed by a committee without incurring a contribution if:

- Credit was initially extended in the ordinary course of business, and the terms of the credit are similar to those observed by the vendor when extending a similar amount of credit to a nonpolitical client of similar risk and size of obligation. 116.3 and 116.4(d)(1);
- The committee undertook all reasonable efforts to satisfy the outstanding debt, such as fundraising, reducing overhead costs and liquidating assets. 116.4(d)(2); and
- The vendor made the same efforts to collect the debt as those made to collect debts from a nonpolitical debtor in similar circumstances. Remedies might include, for example, late fee charges, referral to a debt collection agency or litigation. 116.4(d)(3). If the committee or the creditor fails to take these steps, the difference between the amount owed and the amount actually paid may be considered a contribution. 114.2(b).

## Creditor's Rights

No commercial vendor or other creditor is required to forgive or settle debts owed by committees. 116.4(e).

## Debt Settlement Plans

Once a terminating committee has reached an agreement with a creditor, the treasurer should file a debt settlement plan on FEC Form 8. Debt settlement plans must include the signature of all creditors listed in Part I of Form 8. The treasurer may use a separate form for each debt or may combine several debt settlements in one plan.

## DEBT SETTLEMENT, PART I

DEBT SETTLEMENT PLAN			
NAME OF COMMITTEE Freedom Party State Committee			
ADDRESS 111 Politics St.			
CITY, STATE AND ZIP CODE City, ST, 00000		FEC I.D. NUMBER C00300001	
PART I— COMMITTEE SUMMARY INFORMATION			
1. CASH ON HAND AS OF <u>04/01/05</u>	775.00	6. TOTAL AMOUNT OF DEBTS OWED BY THE COMMITTEE	1,139.29
2. TOTAL ASSETS TO BE LIQUIDATED	175.00	7. TOTAL NUMBER OF CREDITORS OWED	2
3. TOTAL (ADD 1 AND 2)	950.00	8. NUMBER OF CREDITORS IN PART II OF THIS PLAN	1
4. YEAR TO DATE RECEIPTS	257.68	9. TOTAL AMOUNT OF DEBTS OWED TO THE CREDITORS IN PART II OF THIS PLAN	748.08
5. YEAR TO DATE DISBURSEMENTS	1,586.74	10. TOTAL AMOUNT TO BE PAID TO CREDITORS IN PART II OF THIS PLAN	558.00
11. IS THE COMMITTEE TERMINATING ITS ACTIVITIES? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF YES, WHEN DOES THE COMMITTEE EXPECT TO FILE A TERMINATION REPORT? IF NO, COMMITTEE IS NOT ELIGIBLE TO FILE A DEBT SETTLEMENT PLAN (SEE INSTRUCTIONS). When we receive notification that the FEC has reviewed the debt settlement plan, we will immediately pay the settlement amount, pay any other debts and file a termination report.			
12. IF THIS IS AN AUTHORIZED COMMITTEE, DOES THE CANDIDATE HAVE OTHER AUTHORIZED COMMITTEES? <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, LIST BELOW.			
13. DOES THE COMMITTEE HAVE SUFFICIENT FUNDS TO PAY THE TOTAL AMOUNT INDICATED IN THIS PLAN? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, WHAT STEPS WILL BE TAKEN TO OBTAIN THE FUNDS?			
14. HAS THE COMMITTEE FILED PREVIOUS DEBT SETTLEMENT PLANS? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
15. AFTER DISPOSING OF ALL THE COMMITTEE'S DEBTS AND OBLIGATIONS, WILL THERE BE ANY RESIDUAL FUNDS? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO IF YES, HOW WILL THE FUNDS BE DISBURSED?			
I certify, to the best of my knowledge, that the information contained in this Debt Settlement Plan is true, correct and complete. SIGNATURE OF TREASURER OF COMMITTEE John Responsible		DATE 04/10/05	FEC FORM 8 (Revised 1/2001)

## Completing Form 8

Step-by-step instructions for completing Form 8 are included with the form. The treasurer must sign and date the first page, Part I.

## Commission Review

The Commission reviews each debt settlement plan to ensure compliance with the rules discussed above and with the criteria listed in Commission regulations 116.7(f). After reviewing the plan, the Commission sends a written notification to the committee.

## Payment to Creditors

The committee must postpone paying the creditors included in a plan until the Commission has completed its review. 116.7(a).

## DEBT SETTLEMENT, PART II

DEBT SETTLEMENT PLAN PART II			
NAME OF COMMITTEE <b>Freedom Party State Committee</b>		FEC I.D. NUMBER <b>C00300001</b>	PAGE <b>2</b> OF <b>3</b>
CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)			
FULL NAME AND MAILING ADDRESS OF CREDITOR <b>Lessor Campaign Services 111 Usury St. City, ST, 00000</b>	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
	10/02/03	748.08	558.00
TYPE OF CREDITOR: <input checked="" type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL			
A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT Debt was incurred for production of radio advertisements. Half of total owed was to be paid up front with the balance due after the general election.			
B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT The committee has attempted to raise additional funds, but its contributor base has eroded.			
C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT Creditor sent bills 10, 30 and 60 days after services were rendered, following its normal practice. They filed suit in superior court on February 15, 2005, seeking the total unpaid balance.			
CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)			
D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO    IF NO, PLEASE EXPLAIN			
E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO    IF NO, PLEASE EXPLAIN			
As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).			
SIGNATURE OF CREDITOR OR REPRESENTATIVE <i>Arthur Vandalay</i>			DATE 04/10/05
<small>FE1AN061.PDF</small>			

### Disputed Debts

A disputed debt is a bona fide disagreement between the creditor and the committee as to the existence of a debt or the amount owed by the committee. 116.1 (d). See page 81 for information on how to report a disputed debt on Schedule D.

When filing a debt settlement plan, a terminating committee must describe any disputed debts and the committee's efforts to resolve them on Part II of Form 8. 116.10. Disclosure of a disputed debt does not constitute an admission of liability or a waiver of any claims the committee may have against the creditor. 116.10(a).

### Unpayable Debts

Both terminating and ongoing committees may obtain a determination from the Commission that a debt is unpayable for purposes of the Act because the creditor cannot be located or has gone out of business. The committee must demonstrate that it made the necessary efforts to locate the creditor and must continue to report the debt until the Commission determines that the debt is unpayable. 116.9.

## Reporting Debts Undergoing Settlement

### General Rule

Debts undergoing settlement must be continuously reported until the Commission has completed its review of the committee's debt settlement plan. The committee may file a termination report once all debts have been paid, settled, forgiven or otherwise extinguished. Payments to creditors should be disclosed on this report. 116.4(f), 116.5(e) and 116.6(c).

## 3. Committees with Outstanding Debts: Administrative Termination

An inactive committee that wants to terminate but still has outstanding debts must make efforts to settle the debts under the procedures described above. If debt settlement efforts fail, however, such a committee may seek administrative termination by the FEC. (The Commission may also, at its own initiative, administratively terminate a committee's reporting status.)

## Criteria for Administrative Termination

When determining a committee's eligibility for administrative termination, the Commission will consider the following factors:

- The committee is not involved in any matter before the Commission (such as a *MUR*, an audit or an Administrative Fine case).
- The committee's aggregate reported financial activity in one year is less than \$5,000.
- The committee's reports disclose no receipt of contributions for the previous year.
- The committee's last report disclosed minimal expenditures.
- The committee's primary purpose for filing its reports has been to disclose outstanding debts and obligations.
- The committee has failed to file reports for the previous year.
- The committee's last report disclosed that the debts owed to the committee were not substantial.
- The committee's outstanding debts and obligations do not appear to present a possible violation of the Act's contribution prohibitions and limitations.
- The committee's outstanding debts and obligations exceed the total of the committee's reported cash-on-hand balance. 102.4(a) and FEC Directive 45.<sup>2</sup>

## Procedures for Requesting Administrative Termination

When requesting administrative termination, the committee's treasurer should set forth the committee's eligibility in writing, based on the factors listed above. 102.4(b). In addition, with re-

## DEBT SETTLEMENT, PART III

DEBT SETTLEMENT PLAN PART III			
NAME OF COMMITTEE Freedom Party State Committee		FEC ID. NUMBER C00300001	PAGE 3 OF 3
LIST REMAINING DEBTS		AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
A. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR Shylock National Bank 111 Lender St. City, ST, 00000		391.21	391.21
TYPE OF CREDITOR: <input checked="" type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> OTHER INDIVIDUAL <input type="checkbox"/> CANDIDATE		(Final payment on Bank loan)	
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
B. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR			
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> OTHER INDIVIDUAL <input type="checkbox"/> CANDIDATE			
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO			
C. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR			
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> OTHER INDIVIDUAL <input type="checkbox"/> CANDIDATE			
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO			
D. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR			
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> OTHER INDIVIDUAL <input type="checkbox"/> CANDIDATE			
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO			
E. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR			
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> OTHER INDIVIDUAL <input type="checkbox"/> CANDIDATE			
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO			
DOES THE COMMITTEE HAVE SUFFICIENT FUNDS TO PAY THE REMAINING AMOUNTS TO BE PAID OR OFFERED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, WHAT STEPS WILL BE TAKEN TO OBTAIN THE FUNDS?			

spect to any outstanding debts, the committee's request should describe:

- The terms and conditions of the initial extension of credit;
- Steps taken by the committee to repay the debt; and
- Efforts made by the creditors to obtain payment.

Requests should be addressed to the Commission's Reports Analysis Division.

Once the Commission completes its review of the request, the committee will be sent a written notification of the Commission's approval or disapproval. Committees must continue to file regular reports until the request for administrative termination has been approved. For more information, see FEC Directive 45.

<sup>2</sup> Directives may be ordered from the FEC's Public Records Office. (Call 800/424-9530 and press 2.)

# Appendix A

## Nonmajor Political Parties

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This appendix has been written for groups that have formed a minor political party or that want to start one. Federal law confers benefits on party committees at the local, state and national levels, but only groups meeting specific criteria may take advantage of those benefits.

### 1. Benefits of Political Party Status

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Party committees are entitled to spend more money in coordinated support of their candidates for federal office than other political groups.

- In addition to making contributions, local party committees may spend unlimited amounts for certain candidate-support activities called exempt party activities (see page 38).
- State party committees may also pay for unlimited exempt party activities. Additionally, state party committees may spend limited—but substantial—amounts on coordinated party expenditures to support their U.S. House and Senate candidates in the general election (see page 34). Coordinated party expenditures do not count against the contribution limits.
- While national committees are not entitled to the exempt party activities benefit, they have other advantages. They can make coordinated party expenditures on behalf of House, Senate and Presidential nominees. Moreover, they enjoy higher limits on the contributions they raise than other committees.<sup>1</sup>

Any organization that wants to become a political party should keep in mind unique regulations. First, national party committees may not accept or direct any funds outside the limits and prohibitions of federal law. See Chapter 1, sections 3

and 4. Second, certain activity by state, district and local committees, termed federal election activity, is uniquely regulated. See Chapters 8 and 14. Third, party committees are restricted in how they may support certain tax exempt organizations. See Chapter 3, section 4.

### 2. Qualifying as Political Party

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The benefits of political party status apply only to organizations that qualify as political parties.

#### Federal Law

The federal campaign finance law defines “political party” as a committee or organization whose nominated or selected candidates for federal office appear on the ballot as the party’s candidates. 100.15. However, ballot access is governed by state law.

#### State Law

The laws in each state determine when a political organization qualifies as a “political party” entitled to have its candidates’ names appear as party-designated candidates on the general election ballot. While the laws differ from state to state, they generally all require a nonmajor party to demonstrate sufficient voter support—such as by filing a petition for party recognition signed by a representative number of voters—in order to qualify for ballot access in the general election. Moreover, the party must receive a sufficient number of votes in the election in order to sustain its qualified status.

In nearly all states, a party can achieve limited recognition as a political party for a specific general election by being named as the organization represented by the candidate in his or her nominating petition.

Contact the Secretary of State’s office (or equivalent office) in each state for specific information on achieving political party status under state law.

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<sup>1</sup> With respect to public funding benefits, a national committee of a minor party may receive some federal funding for the party’s Presidential nominating convention if, in the preceding general election, the party’s Presidential candidate received at least five percent of the popular vote. 11 CFR 9008.

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### 3. Qualifying as National Committee

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Federal law defines a *national committee* as an organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of the party at the national level, as determined by the Commission. 100.13.

A committee should seek an FEC *advisory opinion* to verify that it has attained national committee status before taking advantage of the expanded contribution and expenditure limits that apply to a qualified national committee. The Commission will decide whether the committee or the party has demonstrated sufficient national-level activity to qualify, based on the criteria listed below. See AOs 2001-13, 1998-2, and 1995-16.

#### Nominating Candidates for Federal Office in Numerous States

The party must have a sufficient number of party-designated federal candidates on the ballot in a sufficient number of states to meet this requirement. Moreover, the party's ballot access efforts must extend beyond the Presidential races to races for the U.S. Congress. See AOs 1988-45 and 1980-131 and those cited below.

For example, in the 1992 elections, a party's Presidential and Vice Presidential candidates achieved ballot access in several states, but the party's ballot access activity with respect to candidates for U.S. Congress—9 candidates in 3 states—was considered too limited to meet this criterion. AO 1992-44. The same party, in the 1994 election cycle, expanded its efforts, achieving ballot access for 14 Congressional candidates in 6 states located in different sections of the country. This was considered sufficient activity to meet the ballot access requirement. AO 1995-16. See also AO 1992-30.

#### Conducting Activities on Ongoing Basis

The committee must engage in activities such as voter registration drives on an ongoing basis (rather than with respect to a particular election). See, for example, AO 1992-30.

### Publicizing Issues Nationwide

A national committee must publicize, on a national basis, issues of importance to the party and its adherents. This activity might involve publishing the party's philosophy and positions, issuing press releases and distributing a national newsletter. See, for example, AO 1992-44.

#### Other Criteria

Other factors which indicate that a party committee has attained national status include: holding a national convention; setting up national headquarters; and establishing state party committees. See, for example, AO 1992-30.

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### 4. Qualifying as State Party Committee

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A state party committee is the organization that by virtue of the bylaws of a political party or by the operation of state law is part of the official party structure and is responsible for the day-to-day operation of a political party at the state level by virtue of the party's bylaws, including any entity established, maintained, financed or controlled by the organization. 100.14(a).

Whether an organization qualifies as a state party committee is determined by the Commission. Committees desiring such a determination should submit an advisory opinion request to the Commission.

In AOs 2002-10, 1996-27, 1995-49 and 1992-30, the Commission said that two requirements must be met in order for a committee to qualify as a state party committee.

- First, the relationship between the political party and the committee must be based on an agreement that requires the committee to perform activities commensurate with the day-to-day operation of the party on a state level (such as raising contributions; assisting candidates' fundraising efforts; conducting voter registration drives; holding state conventions; and nominating candidates for state and federal office).
- Second, the committee must achieve ballot access for the party's Presidential candidate and other federal candidates running in the state.

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## 5. Qualifying as District or Local Party Committee or Subordinate Committee

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A district or local party committee is the organization that by virtue of the bylaws of a political party or by the operation of state law is part of the official party structure. It is responsible for the day-to-day operation of a political party at the level of city, county, neighborhood, ward, district, precinct or any other subdivision of a state. 100.14(b).

A subordinate committee is a committee that operates in any subdivision of a state or is an organization under the control or direction of a state committee and is directly or indirectly established, financed, directed or controlled by a state, district or local committee. 100.14(c).

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# Appendix B Joint Fundraising

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## 1. Introduction

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### What Is Joint Fundraising

Joint fundraising is fundraising conducted jointly by a political committee and one or more other political committees or unregistered organizations.

### Who Must Observe Joint Fundraising Rules

The rules described in this appendix apply to political committees and unregistered organizations engaged in joint fundraising. The participants in joint fundraising activity may include party committees, party organizations not registered as political committees, federal and nonfederal candidate committees, nonparty political committees (e.g., federal PACs) and unregistered nonparty organizations (e.g., nonfederal PACs).<sup>1</sup> 102.17(a)(1)(i) and (a)(2).

### Overview of Rules

All participants in a joint fundraising effort, including unregistered organizations, must:

- Create or select a political committee to act as the fundraising representative;
- Agree to a formula for allocating proceeds and expenses;
- Sign a written agreement naming the fundraising representative and stating the allocation formula;
- Establish a separate account for joint fundraising receipts and disbursements;
- Notify the public of the allocation formula and certain other information (detailed below) when soliciting contributions;
- Screen contributions to make sure they comply with the limits and prohibitions of the Federal Election Campaign Act; and

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<sup>1</sup> The joint fundraising rules do not, however, apply to fundraising by collecting agents and separate segregated funds. (A collecting agent is an organization that solicits and collects contributions for a separate segregated fund.) 102.17(a)(3). See 102.6(b).

- Report allocated proceeds and expenses (applies to political committees only).

The committee named as the fundraising representative has additional responsibilities, as explained below.

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## 2. Restrictions

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Participation in a joint fundraiser does not exempt any participants from any restrictions on their ability to raise funds outside the limits and prohibitions of federal law. 102.17(a).

### Soft Money Ban

National party committees may not participate in any joint fundraiser where nonfederal or Levin funds are raised.

### Federal Candidate Fundraising

Federal candidates and national party committees may not raise funds outside the limits and prohibitions of federal law. This ban limits their ability to participate in joint fundraisers with organizations that can raise nonfederal funds. 300.10, 300.61 and 300.62.

### Levin Fundraising

State and local party committees may not raise Levin funds through joint fundraising activity with any other state or local party committee. This prohibition applies to committees in different states as well. However, state and local party committees may jointly raise funds which are not used for federal election activity. 300.31(f).

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## 3. Fundraising Representative

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Joint fundraising participants must either establish a new political committee (using a Statement of Organization, FEC Form 1) or select a participating political committee to act as the fundraising representative. This committee is responsible for: collecting and depositing joint fundraising contributions; paying expenses; allocating proceeds and expenses to each participant; keeping records; and reporting overall joint fundraising activity. Any federal candidate participating in the fundraiser must designate the fundraising representative as an authorized candidate committee

(using a Statement of Candidacy, FEC Form 2). 102.17(a)(1)(i), (b)(1) and (b)(2).

### New Committee

If a new committee is established, it collects all the contributions. 102.17(b)(1). Note that a new committee may not itself be a participant in any other joint fundraising effort, though it may conduct more than one event or activity on behalf of the participants. 102.17(a)(1)(i).

### Participating Committee

If a participating committee acts as a fundraising representative, the other participants may also collect contributions, but they must forward them to the fundraising representative as required under 102.8 of FEC regulations. 102.17(b)(2).

### Commercial Firm

Although participants may hire a commercial fundraising firm or other type of agent to assist the joint fundraiser, they are still required to establish or select a fundraising representative. 102.17(a)(1)(ii).

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## 4. Written Agreement

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Before conducting a joint fundraiser, all participants must enter into a written agreement that identifies the fundraising representative and states the allocation formula—the percentages or amounts used to allocate joint fundraising proceeds and expenses among participants. The fundraising representative must retain a copy of the written agreement for three years and make it available to the FEC upon request. 102.17(c)(1).

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## 5. Separate Depository

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### Establishing the Account

Joint fundraising participants must establish a separate account for the receipt and disbursement of all joint fundraising proceeds. Each participating political committee must amend its Statement of Organization (FEC Form 1) to show the account as an additional depository. 102.17(c)(3)(i).

## Depositing Contributions

The fundraising representative must deposit contributions into the account within 10 days after receiving them. Only contributions permissible under the Federal Election Campaign Act (the Act) may be deposited in the joint fundraising account. If any participant is an unregistered organization which may, under State law, accept prohibited contributions, the participants may either establish a second account for such contributions or forward them directly to the participants that may accept them. 102.17(c)(3)(i) and (ii).

## 6. Statements of Organization

### Joint Fundraising Representatives

If the joint fundraising committee is a new committee, it must file a Statement of Organization (FEC Form 1). If, on the other hand, the representative is an existing committee, it must amend its Statement of Organization. In either instance, the Statement of Organization must:

- Identify the committee as the joint fundraising representative (check box 5(f));
- List the names and addresses of all federal committees participating in the joint fundraising effort in box 6; and
- Name the depository institution being used by the joint fundraising committee. In the case of a representative which is an existing committee, the depository is named only if it is different from the depository named on the committee's current Statement of Organization.

### Other Joint Fundraising Participants

Committees (other than the joint fundraising representative) that are participating in the joint fundraising effort must amend their Statements of Organization (FEC Form 1). On the form the committees must:

- Provide the name and address of the Joint Fundraising Representative and identify it as the "JFR"; and
- State the name and address of the depository institution holding the joint fundraising account, if it is different from the depository named on their current Statements of Organization.

## 7. Start-Up Costs

Participants may advance funds to the fundraising representative for start-up costs of the fundraiser. The amount advanced by a participant should be in proportion to the agreed upon allocation formula. Any amount advanced in excess of a participant's proportionate share is considered a contribution and must not exceed the amount the participant may contribute to the other participants. 102.17(b)(3)(i) and (ii). (However, an exception is made for party committees; see Section 13.)

### Example

Committees A, B and C determine they need \$2,000 in start-up costs. According to their allocation formula (Committees A and B, 25 percent each; Committee C, 50 percent), Committees A and B each advance \$500 to the fundraising representative, and Committee C, \$1,000. If, however, Committee C advances the entire \$2,000, it has made a \$500 contribution to each of the other committees.

### Unregistered Organizations

An unregistered organization must use funds that are permissible under the Act when advancing money for start-up costs. 102.17(c)(3)(i). If an unregistered participant advances more than its share of start-up costs and thus makes a contribution, the contributed amount may trigger registration and reporting requirements under the Act. 100.5(a)–(d).

## 8. Joint Fundraising Notice

### General Rule

In addition to any notice required under "Disclaimer Notices on Communications" (page 48) and "Solicitation Notices" (page 17), participants must include a joint fundraising notice with every solicitation for contributions. The notice must contain the following information:

- The names of all participants, regardless of whether they are registered political committees or unregistered organizations;
- The allocation formula;

- A statement informing contributors that they may designate contributions for a particular participant; and
- A statement that the allocation formula may change if any contributor makes a contribution that exceeds the amount he or she may lawfully give to any participant. 102.17(c)(2)(i).

## Special Situations

In two situations, participants must include additional information in the joint fundraising notice:

- If a participant is engaging in the joint fundraiser to pay off outstanding debts, the notice must state that the allocation formula may change if the participant receives enough funds to pay its debts.
- If, under State law, any unregistered participant is permitted to receive contributions prohibited under the Act, the notice must say that such contributions will be given only to participants that may legally accept them. 102.17(c)(2)(ii).

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## 9. Screening Contributions

The fundraising representative and participants must screen all contributions to make sure they are neither prohibited by the Act nor in excess of the Act's contribution limits. (Any prohibited contributions must be allocated to any unregistered participants in compliance with applicable state law.) The maximum amount a contributor may give to a joint fundraiser is the total amount he or she may contribute to all participants without exceeding any limits.

To facilitate screening, participants must provide the fundraising representative with records of past contributions so that the representative can determine whether a donor has exceeded the contribution limits. 102.17(c)(4)(i) and (c)(5).

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## 10. Recordkeeping

### Receipts

With regard to gross proceeds, the fundraising representative must collect the following contributor information and later forward it to the participating political committees:

- For contributions exceeding \$50: the amount, date of receipt and the contributor's name and address.

- For contributions exceeding \$200: the amount, date of receipt and the contributor's name, address, occupation and employer. 102.8(a) and (b); 102.17(c)(4)(ii).

The date of receipt is the date the fundraising representative receives the contribution. 102.17(c)(3)(iii).

### Prohibited Contributions

The fundraising representative must also keep a record of the total amount of prohibited contributions received, if any, and of any transfers containing prohibited funds made to participants that may accept them. 102.17(c)(4)(ii).

### Disbursements

The fundraising representative must retain, for three years, records on all disbursements made for the joint fundraiser. The required recordkeeping information is described on page 50. If a commercial fundraising firm or agent is used, it must forward required records on disbursements to the fundraising representative. 102.17(c)(4)(iii).

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## 11. Allocating Gross Proceeds

The fundraising representative may make payments for fundraising expenses from gross proceeds collected at the fundraiser (and from funds advanced by the participants). 102.17(c)(7)(iii). Nevertheless, it must allocate (but not transfer) gross proceeds among the participants.

Generally, the fundraising representative must allocate gross proceeds according to the allocation formula. However, the formula may change if the allocation results in:

- An excessive contribution from a contributor to one of the participating committees; or
- A surplus for a participant raising money solely to pay off campaign debts.

Reallocation under these circumstances must be based on the other participants' proportionate shares under the allocation formula. If reallocation results in a contributor's exceeding contribution limits for the remaining participants, the fundraising representative must return the excess amount to the contributor. 102.17(c)(6)(i).

## Example

Using the same example mentioned above (allocation formula: Committees A and B, 25 percent each; Committee C, 50 percent), the participants receive a \$2,000 contribution from a donor who had previously contributed up to his limit to Committee C. If the fundraising representative were to divide the contribution according to the allocation formula, Committee C would receive an excessive contribution of \$1,000. Instead, the excess \$1,000 is divided equally between Committees A and B, since their proportionate shares under the allocation formula are equal. Each receives an extra \$500, bringing their total allocation to \$1,000 apiece.

If, however, Committee A can accept only \$800 from the contributor without exceeding the limit, the excess \$200 is allocated to Committee B. If Committee B cannot accept the money for the same reason, the \$200 must be returned to the contributor.

## Designated Contributions

Designated or earmarked contributions which exceed the contributor's limit for a participant may not be reallocated without the written consent of the contributor. 102.17(c)(6)(ii).

## Prohibited Contributions

Prohibited contributions must be distributed only to the unregistered participants that may lawfully accept them; they do not have to be distributed according to the allocation formula. 102.17(c)(6)(iii).

## 12. Allocating Expenses

After gross proceeds are allocated, the joint fundraising representative must calculate each participant's share of expenses based on its actual share of gross proceeds. (Prohibited contributions may be excluded from the gross proceeds when making this calculation.) 102.17(c)(7)(i)(A). (An exception is made for party committees; see below.) The final allocation formula may differ from the original formula if receipts had to be reallocated—see example below.

Expenses for a series of fundraising events must be allocated on a per-event basis. 102.17(c)(7)(i)(C).

## Example

At the start of the fundraiser, Committees A, B and C agree to allocate 25 percent of proceeds and expenses to Committee A, 25 percent to Committee B and 50 percent to Committee C. However, because the fundraising representative must reallocate some contributions, Committee A is actually allocated 20 percent of gross proceeds; Committee B, 35 percent; and Committee C, 45 percent. The fundraising representative must allocate the joint fundraising expenses, \$10,000, on the same basis: \$2,000 to Committee A, \$3,500 to Committee B and \$4,500 to Committee C.

## Excess Payment

If a participant pays for more than its allocated share of expenses, the excess payment is considered a contribution, subject to the Act's limits (see "Start-Up Costs" earlier in this appendix). 102.17(c)(7)(i)(B). (Party committees are excepted from this rule; as explained earlier.)

Remember, if an unregistered participant makes such a contribution, the payment may trigger registration and reporting requirements for that organization. 100.5(a)–(d).

## 13. Calculating Net Proceeds

The fundraising representative may delay transferring net proceeds to participants until after it receives all contributions and pays all expenses for the fundraiser. To determine net proceeds, the fundraising representative subtracts the participant's share of expenses from its share of gross proceeds. 102.17(c)(3)(ii) and (c)(7)(i)(A).

For example, Committees A, B and C raise \$50,000 in gross proceeds and spend \$10,000 in expenses, leaving \$40,000 in net proceeds. The fundraising representative allocates \$10,000 (20 percent) in gross proceeds to Committee A and \$2,000 (20 percent) in expenses; Committee A's net proceeds equal \$8,000.

## 14. Reporting

### Fundraising Representative

The fundraising representative reports all joint fundraising proceeds in the reporting period in which they are received. If any prohibited contributions are received for an unregistered organization, the fundraising representative must report them as memo entries. Each Schedule A used to itemize contributions must clearly indicate that the receipts are joint fundraising proceeds. 102.17(c)(3)(iii) and (c)(8)(i)(A).

The fundraising representative must also report all disbursements made for the joint fundraiser in the reporting period in which they are made. 102.17(c)(8)(ii).

### Participants

After the fundraising representative distributes the net proceeds, each participating political committee reports its share as a transfer-in from the fundraising representative. Using the records received from the fundraising representative, a participating committee itemizes its share of gross receipts as contributions from the original donors (to the extent required by the rules on itemization—see page 62) on memo entry Schedules A . When itemizing gross contributions, the participant must report the date of receipt as the day the fundraising representative received the contribution. 102.17(c)(3)(iii); (c)(8)(i)(B).

Note that, if the fundraising representative is one of the participating committees (rather than a committee established solely for the joint fundraiser), it must report its own share of gross receipts in addition to reporting total fundraising proceeds.

## 15. Exception for Party Committees and Organizations<sup>2</sup>

Payments made by a party committee (that is, a political committee) on behalf of another party committee are considered transfers of funds rather than contributions. Because there is no limit on transfers between party committees of the same political party, a party committee may pay any amount of another party committee's allocated start-up costs and fundraising expenses. Moreover, if all the participants in the fundraiser are party committees, start-up costs and fundraising expenses need not be allocated at all. 102.6(a)(1)(ii); 102.17(b)(3)(iii) and (c)(7)(ii).

The same exception also applies to party organizations (that is, unregistered party groups). They must use funds permissible under the Act when making payments for start-up costs and fundraising expenses. Furthermore, such payments by a party organization on behalf of a registered party committee count against the \$1,000 contribution/expenditure threshold for registration as a political committee. (See Chapter 1.) 100.5(a) and (b); 102.6(a)(1)(iv) and (a)(2); 102.17(c)(7)(ii).

<sup>2</sup> This section also applies to nonparty committees and organizations that are affiliated. (See Appendix G for the definition of "affiliated committee.")

## Appendix C Partnership Contributions

Outlined below are special rules concerning contributions from partnerships to party committees.

### 1. Contribution Limits

#### Contributions Made by Partnership

A partnership may make contributions aggregating up to \$10,000 per calendar year to the state, district or local party committees of a particular state party and up to \$25,000 to a national party committee. In addition, a contribution from a partnership counts proportionately against each participating partner's own limit with respect to the same committee.<sup>1</sup> 110.1 (c) and (e).

#### Contributions Made by Individual Partners

Each partner may make contributions aggregating up to \$10,000 per calendar year to a party committee. 110.1 (c). Although contributions made by the partnership as a whole count proportionately against each participating partner's \$10,000 limit, contributions made by individual partners from their own funds do not count against the partnership's limit. 110.1 (e).

#### Limited Liability Companies

In some cases, limited liability companies (LLCs) are treated as partnerships. For the purposes of contribution limitations and prohibitions, an LLC is treated as a partnership if:

- It does not have publicly traded shares; and
  - It has chosen to file, under IRS rules, as a partnership; or
  - It has made no choice, under IRS rules, as to whether it is a corporation or a partnership.
- 110.1 (g)(2) and (3)

Under these conditions, this appendix would apply to those LLCs.

<sup>1</sup> See the Contribution Limits chart on page 27.

## 2. Attribution Among Partners

### Formula

A portion of the partnership contribution must be attributed to each contributing partner. If all partners within the organization are contributing, the partnership may attribute the contribution according to each partner's share of the firm's profits. However, if the partnership attributes a contribution on another basis agreed to by the partners, or if it attributes contributions only to certain partners, the following rules must be observed:

- The contributing partners' profits must be reduced (or their losses increased) by the amount of the contribution attributed to them; and
- The profits (or losses) of **only** the contributing partners must be affected.

The portion attributed to each partner must not exceed the individual partner's contribution limit. 110.1 (e). See also "Partnerships with Corporate Members," below.

### Notice to Recipient Committee

Because a contribution from a partnership is a *joint contribution*, the partnership must provide to the recipient committee, along with the contribution, a written notice listing the names of the contributing partners and the amount to be attributed to each. However, unlike other joint contributions, the signature of each contributing partner is not required. 110.1 (k)(1).

## 3. Prohibited Partnership Contributions

### Partnerships with Corporate Members

Because contributions from corporations are prohibited, a partnership with corporate members may not attribute any portion of a contribution to the corporate partners. 110.1 (e) and 114.2 (b). A partnership composed solely of corporate partners may not make any contributions. AO 1981-56.

## Partnerships with Foreign National Members

Because contributions from foreign nationals are prohibited, a partnership may not attribute any portion of a contribution to a partner who is a foreign national. 110.20. (See page 12 for further information on the foreign national prohibition.)

## Partnerships with Federal Government Contracts

A partnership which is negotiating a contract with the federal government or which has not completed performance of such a contract is prohibited from making contributions. However, an individual partner in such a firm may make contributions from personal funds (rather than from funds drawn on the partnership's account). 115.4. See also AO 1991 -1.

Also, an individual partner who is a federal contractor may not make contributions using any funds (business or personal) under his control. 115.5.

## 4. Contributions from Professional Corporations

Although law firms, doctors' practices and similar groups are often organized as partnerships, some of these groups may instead be professional corporations. Unlike a partnership, a professional corporation is prohibited from making any contributions because contributions from corporations are unlawful. 114.2(b).

## PARTNERSHIP CONTRIBUTION

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 12
		<input type="checkbox"/> 13	<input type="checkbox"/> 14	<input type="checkbox"/> 15	<input type="checkbox"/> 16
		<input type="checkbox"/> 17			
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Freedom Party State Committee					
A. Full Name (Last, First, Middle Initial) Wiggly & Dinghy LLC			Date of Receipt 08 / 04 / 2004		
Mailing Address 111 Eskimo Ave.			Amount of Each Receipt this Period 500.00		
City City			FEC ID number of contributing federal political committee. C		
State ST			Zip Code 00000		
Name of Employer Partnership			Occupation		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			Aggregate Year-to-Date 500.00		
B. Full Name (Last, First, Middle Initial) Wiggly, John			Date of Receipt 08 / 04 / 2004		
Mailing Address 201 Dockside Ave.			Amount of Each Receipt this Period 250.00		
City City			FEC ID number of contributing federal political committee. C		
State ST			Zip Code 00000		
Name of Employer Wiggly & Dinghy LLC			Occupation Attorney		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			Aggregate Year-to-Date 250.00		
C. Full Name (Last, First, Middle Initial) Dinghy, David			Date of Receipt 08 / 04 / 2004		
Mailing Address 180 Lakeshore Lane			Amount of Each Receipt this Period 250.00		
City City			FEC ID number of contributing federal political committee. C		
State ST			Zip Code 00000		
Name of Employer Wiggly & Dinghy LLC			Occupation Attorney		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			Aggregate Year-to-Date 250.00		
SUBTOTAL of Receipts This Page (optional)			500.00		
TOTAL This Period (last page this line number only)			500.00		

## 5. Reporting Partnership Contributions

### Included in Total Figure

Partnership contributions are included in the total figure reported for "contributions from individuals/persons other than political committees" on the Detailed Summary Page of Form 3X.

### Itemization

If a partnership contribution exceeds \$200 or aggregates over \$200 during a calendar year, the committee must itemize the contribution on a Schedule A used for "Contributions from Individuals/Persons Other Than Political Committees" (Line 11 a(i)).

Additionally, if an individual partner's share of the contribution exceeds \$200 when combined with other contributions received from that partner in the same calendar year, the committee must disclose, as a memo entry, itemized information on the partner (name, address, occupation, date contribution received, partner's share of contribution and aggregate year-to-date total of contributions made by that partner). 104.8 and 110.1 (e).

## In-Kind Contributions

A committee reports the value of an in-kind contribution from a partnership in the same way it reports a monetary contribution. In addition, as with all in-kind contributions, the committee must report the value of the in-kind contribution as an operating expenditure. Moreover, an in-kind contribution itemized on Schedule A must also be itemized on a Schedule B for operating expenditures. 104.13 and 110.1 (e). (See page 63.) However, any information about a partner itemized as a memo entry on Schedule A does not have to be reported on Schedule B.

## 6. Partnership Contribution Plans

In several advisory opinions (AOs), the Commission has said that a partnership may set up an internal plan to facilitate contributions from individual partners or the partnership as a whole to candidates or political committees (other than a nonconnected committee sponsored by the firm—see below). Incidental expenses incurred to administer such plans do not trigger a requirement, on the part of the firm, to register as a political committee. See AOs 1984-18, 1982-13, 1981-50 and 1980-72 for more information.

## 7. Partnership PACs

A partnership may form its own political committee (a nonconnected committee) which, in turn, may make contributions to a party committee, subject to the \$10,000 or \$25,000 per year limit. In this case, any administrative and solicitation costs paid by the partnership on behalf of its committee count as in-kind contributions to the committee. For more information on PACs sponsored by partnerships, see the *Campaign Guide for Nonconnected Political Committees*.

# Appendix D National Convention Delegates

This appendix explains FEC rules governing the financing of delegate selection activity with respect to a national nominating convention. Much of the information presented here does not apply to party committees, particularly the material on expenditures and affiliation. The appendix is included because it may be of value to party committee staff and other individuals who plan to seek selection as delegates.

The Commission also offers a reprint of this appendix as a separate handout. To order, call 800/424-9530.

## 1. Delegates and Delegate Committees

### Definitions

#### Delegate

The term “delegate” means an individual who is seeking selection as a delegate, or who has already been selected as a delegate, at any level of the delegate selection process (local, state or national). 110.14(b)(1).

#### Delegate Committee

A “delegate committee”<sup>1</sup> is a group that raises or spends funds to influence the selection of one or more delegates. A delegate committee may be a group of delegates (defined above) or a group that supports delegates. 110.14(b)(2).

### FEC Reporting

#### By Registered Delegate Committee

A delegate committee becomes a “political committee” under federal law once it receives contributions or makes expenditures exceeding \$1,000 in a calendar year. 100.5(a) and (e)(5). At that point, the committee must register with the FEC within 10 days and begin filing periodic FEC re-

<sup>1</sup> Unlike the rest of the Guide, in this appendix the term “committee” refers to unregistered organizations as well as “political committees” registered with the FEC.

ports on its receipts and disbursements. 102.1 (d) and 104.1 (a). All pre-registration activity must be disclosed in the first report. 104.3(a) and (b).

Note that a delegate committee that has triggered status as a federal political committee must include the word “delegate” or “delegates” in its name. It may also include the name of the Presidential candidate it supports. 102.14(b)(1).

### By Individual Delegates and Unregistered Delegate Committees

Individual delegates and delegate committees that have not qualified as political committees under federal law are not required to register or file regular reports. But, if they make independent expenditures exceeding \$250, they must disclose the expenditures on FEC Form 5. 109.10(b). (Independent expenditures are discussed later in this appendix.)

## 2. Funds Raised and Spent for Delegate Activity

Funds raised and spent for delegate selection are considered “contributions” and “expenditures” made for the purpose of influencing a federal election<sup>2</sup> and are therefore subject to the federal law’s prohibitions and limits.<sup>3</sup> 110.14(c)(1).

For example, a delegate must use funds permissible under federal law to pay for travel to attend the national convention and related food and lodging expenses. AO 1980-64. The next two sections discuss contributions and expenditures in detail.

<sup>2</sup> A national nominating convention is considered a federal election. 100.2(e).

<sup>3</sup> Ballot access fees paid by an individual delegate to a political party are not considered contributions or expenditures; nor are administrative payments made by a party committee (including an unregistered organization) for sponsoring a convention or caucus to select delegates. Nevertheless, the funds used to pay these expenses are subject to the law’s prohibitions. 110.14(c)(1)(i) - (ii) and (c)(2).

## 3. Contribution Prohibitions and Limits

Please note that the prohibitions and limits apply to contributions of goods and services (in-kind contributions) as well as monetary contributions. 100.52(c)-(d).

### Prohibitions

Individual delegates and delegate committees may not accept any contributions from prohibited sources. 110.14(c)(2).

The following entities are prohibited from making contributions:

- Banks and other corporations (including nonprofit corporations);
- Labor organizations;
- Foreign nationals, that is, those who are neither U.S. citizens, U.S. nationals, or lawfully admitted to the U.S. for permanent residence (“green card” holders); and
- Federal government contractors (such as partnerships and sole proprietors with federal contracts). 110.20; 114.2(a) and (b); 115.2; 115.4; 115.5.

#### Limits on Contributions to Delegates

- Contributions to a delegate committee are subject to an aggregate limit of \$5,000 per calendar year. 110.1 (d) and (m)(2); 110.14(g)(1).
- Contributions to an individual delegate are not subject to any per delegate limit. 110.1 (m)(1); 110.14(d)(1). Note that contributions to a delegate from the committee of a Presidential candidate receiving public funds count against the candidate’s expenditure limits.<sup>4</sup> 110.14(d)(2).
- Contributions from an individual to a delegate or delegate committee count against the donor’s biennial limit on total contributions. 110.5(e); 110.14(d)(1) and (g)(2).

<sup>4</sup> Presidential primary candidates receiving public funding must comply with an overall spending limit and a spending limit in each state. 9035.1.

## Limits on Contributions Made by Delegates to Candidates

When a delegate or delegate committee makes an expenditure that benefits a Presidential or other federal candidate,<sup>5</sup> the expenditure may result in an in-kind contribution to that candidate (as explained under “Dual-Purpose Expenditures for Communications,” below). Such contributions—or anything of value given to the candidate—count against the contribution limits. 100.52(a).

A delegate or delegate committee may contribute a maximum of \$2,000 to a federal candidate, per election. 110.1(b)(1). The primary and general are considered separate elections but, in the case of Presidential candidates, the entire primary season is considered only one election. 110.1(j)(1).

Note that a contribution to a candidate must be reported by the candidate’s committee. For this reason, when making an in-kind contribution, a delegate or delegate committee should notify the candidate’s committee of the monetary value. Note also that in-kind contributions generally count against a publicly funded Presidential candidate’s expenditure limits.

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## 4. Expenditures

### Expenditures for Delegate Selection Only

Expenditures made by delegates and delegate committees solely to further their selection are not considered contributions to any candidate and are not chargeable to a publicly funded candidate’s spending limits. This type of expenditure might include, for example:

- A communication which advocates the selection of delegates only;
- Travel and subsistence expenses related to the delegate selection process and the national nominating convention. 110.14(e)(1) and (h)(1).

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<sup>5</sup> A federal candidate is a candidate seeking election to the Presidency, the Vice Presidency, the U.S. Senate or the U.S. House of Representatives. 100.4.

## Dual-Purpose Expenditures for Communications

An individual delegate or a delegate committee may pay for communications that both:

- Advocate the selection of an individual delegate or the delegates promoted by the delegate committee; and
- Refer to, provide information on, or expressly advocate the election or defeat of a Presidential candidate (or candidate for any public office). 110.14(f) and (i).

As explained in more detail below, a portion of a dual-purpose expenditure may have to be allocated as an in-kind contribution or an independent expenditure on behalf of any federal candidate mentioned in the ad.

Moreover, the communication may have to include a disclaimer notice (also explained below).

### Materials Distributed by Volunteers

Dual-purpose expenditures for campaign materials such as pins, bumper stickers, handbills, brochures, posters and yard signs are not considered in-kind contributions on behalf of the federal candidate mentioned in the materials as long as the materials are used in connection with volunteer activities (i.e., are distributed by volunteers) and are *not* conveyed through public political advertising.<sup>6</sup> 110.14(f)(1) and (i)(1).

### Public Ads: In-Kind Contributions

A portion of a dual-purpose expenditure is considered an in-kind contribution to the referenced candidate if the communication:

- Is conveyed through public political advertising (or is not distributed by volunteers); and
- Is made in cooperation or consultation with, or at the request or suggestion of (i.e., is not coordinated with), the Presidential candidate (or other federal candidate) or the candidate’s campaign.

The contribution counts against a publicly funded Presidential candidate’s expenditure limits. 110.14(f)(2)(i) and (i)(2)(i).

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<sup>6</sup> For purposes of the delegate selection regulations, public political advertising means political advertising conveyed through broadcasting, newspapers, magazines, billboards, direct mail or similar types of general public communication. 110.14(f)(2) and (i)(2). Direct mail means mailings by commercial vendors or mailings made from lists not developed by the individual delegate or delegate committee. 110.14(f)(4) and (i)(4).

## Public Ads: Independent Expenditures

A portion of a dual-purpose expenditure for a communication that is conveyed through public political advertising is considered an independent expenditure (rather than an in-kind contribution) on behalf of the candidate if the communication:

- Expressly advocates the election (or defeat) of a clearly identified candidate; and
- Is *not* coordinated with the candidate or the candidate's campaign. 109.21.

Independent expenditures are not subject to the contribution limits and are not chargeable to a publicly funded Presidential candidate's expenditure limits. 110.14(f)(2)(ii) and (i)(2)(ii). Note that independent expenditures must carry a disclaimer notice (see below). Note also the reporting requirements for individual delegates and unregistered delegate committees at the beginning of this appendix.

For more information on independent expenditures, consult 11 CFR Part 109.

## Allocation of Dual-Purpose Expenditures

The amount of a dual-purpose expenditure allocated as an in-kind contribution or independent expenditure on behalf of a candidate must be in proportion to the benefit the candidate receives, based on factors such as the amount of space or time devoted to the candidate compared with total space or time. 106.1(a)(1).

## Expenditures to Reproduce Candidate Materials

Expenditures by a delegate or delegate committee to reproduce (in whole or in part) or to disseminate materials prepared by a Presidential candidate's committee (or other federal candidate's committee) are considered in-kind contributions to the candidate. Although subject to contribution limits, this type of contribution is not chargeable to a publicly funded Presidential candidate's spending limits as long as the expenditure was *not* coordinated with the candidate or the candidate's campaign. 110.14(f)(3) and (i)(3). If the materials are conveyed through public political advertising, they may have to include a disclaimer notice.

## Disclaimer Notices

Any public communication made by a political committee – including communications that do not expressly advocate the election or defeat of a clearly-identified federal candidate or solicit a contribution – must display a disclaimer. 110.11(a)(1).

Printed materials must contain a printed box that is set apart from the contents in the communication. The disclaimer print in this box must be of sufficient type size to be “clearly readable” by the recipient of the communication, and the print must have a reasonable degree of color contrast between the background and the printed statement. 110.11(c)(2)(i) - (iii).

A disclaimer is not required when it cannot be conveniently printed (e.g., pens, bumper stickers, campaign pins, campaign buttons and similar small items). 110.11(f).

## Authorized by Candidate

If the communication, including any solicitation, is authorized by the candidate's campaign, it must display the following notice:

“Paid for by [name of delegate or delegate committee] and authorized by [name of candidate's committee].” 110.11(b)(2).

## Not Authorized by Candidate

If the communication, including any solicitation, is not authorized by the candidate's campaign (as in the case of independent expenditures), it must display the following notice:

“Paid for by [name of delegate or delegate committee] and not authorized by any candidate or candidate's committee.” 110.11(b)(3).

Communications not authorized by a candidate or his/her campaign committee, including any solicitation, must disclose the permanent street address, telephone number or web site address of the person who paid for the communication. 110.11(b)(3).

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## 5. Affiliation

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Delegate committees—including unregistered committees—need to determine whether they are affiliated with another delegate committee or a candidate’s committee because affiliated committees are considered one political committee for purposes of the contribution limits—they share the same limits on contributions received and made. 110.3(a)(l). (There is, however, no limit on funds transferred between affiliated committees. 102.6(a)(1)(i).)

### Between Delegate and Presidential Committees

#### Factors Indicating Affiliation

In determining whether a delegate committee and a Presidential committee are affiliated, the Commission may consider, among other factors, whether:

- The Presidential campaign<sup>7</sup> played a significant role in forming the delegate committee.
- Any delegate associated with a delegate committee has been or is on the staff of the Presidential committee.
- The committees have overlapping officers or employees.
- The Presidential committee provides funds or goods to the delegate committee in a significant amount or on an ongoing basis (not including a transfer of joint fundraising proceeds).
- The Presidential campaign suggests or arranges for contributions to be made to the delegate committee.
- The committees show similar patterns of contributions received.
- One committee provides a mailing list to the other committee.
- The Presidential campaign provides ongoing administrative support to the delegate committee.

- The Presidential campaign directs or organizes the campaign activities of the delegate committee.
- The Presidential campaign files statements or reports on behalf of the delegate committee. 110.14(j). See also, for example, Advisory Opinion 1988-1.

#### Effect on Expenditure Limits

If a delegate committee is affiliated with the committee of a Presidential candidate receiving public funds, all of the delegate committee’s expenditures count against the Presidential candidate’s expenditure limits.

### Between Delegate Committees

Delegate committees established, financed, maintained or controlled by the same person or group are affiliated. Factors that indicate affiliation between delegate committees are found at 100.5(g)(4) of FEC regulations. 110.14((k).

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<sup>7</sup> “Campaign” refers to the candidate, his or her authorized committee and other persons associated with the committee.

# Appendix E Federal and Nonfederal Campaign Laws

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Political parties generally support candidates for federal office and for state and local offices. The laws governing campaign financing in federal elections may differ from state and local laws. For example, the Federal Election Campaign Act (the Act) generally prohibits corporations and labor organizations from making contributions to influence federal elections, while many states permit corporate and labor donations to candidates.

Occasionally the federal and nonfederal laws overlap. This appendix explains when federal law takes precedence in those situations, and when it does not. For more detailed information, order the FEC brochure *Federal and State Campaign Finance Laws*, available for free from the FEC (see “Introduction”).

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## 1. When Federal Campaign Finance Law Takes Precedence

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Where federal and state campaign finance laws overlap, the Federal Election Campaign Act (the Act) and Commission regulations take precedence with respect to:

- Prohibitions on election-financing activities by foreign nationals. 110.20(b);
- Prohibitions on election-financing activities by national banks and federally chartered corporations. 114.2(a); and
- Laws that pertain to the financing of federal elections. 108.7(a).

### Foreign Nationals

The Act prohibits foreign nationals from making contributions or expenditures in connection with any United States election (federal, state or local), either directly or through another person. 110.20(b). For further information, see page 12.

## National Banks and Federally Chartered Corporations

The Act also prohibits national banks and corporations organized by authority of any law of Congress (for example, federal savings banks) from making contributions or expenditures in connection with any election—federal, state or local. 114.2(a). They may, however, set up separate segregated funds (also called PACs) for this purpose. 114.2(a)(1) and (2); AO 1987-14.

(Consult state laws as to the permissibility of election-related activity conducted by state-chartered banks.)

## Federal Campaign Financing

With respect to the financing of federal elections, federal law specifically supersedes nonfederal law in the following areas:

- The organization and registration of political committees supporting federal candidates;
- The disclosure of receipts and expenditures by federal candidates and political committees; and
- The limits on contributions and expenditures regarding federal candidates and political committees. 108.7(a) and (b).

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## 2. When Federal Campaign Finance Law Does Not Take Precedence

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The Act and FEC regulations do not supersede nonfederal laws governing the following areas:

- Methods of qualifying candidates and political party organizations for the ballot;
- Dates and places of elections;
- Voter registration;<sup>1</sup>
- Prohibitions on false registration, voting fraud, theft of ballots and similar offenses; and
- Candidates’ disclosure of their personal finances.<sup>2</sup> 108.7(c).

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<sup>1</sup> The National Voter Registration Act, a federal law adopted in 1993 and known as the “Motor-Voter” Act, requires states to implement specific voter registration procedures, including registration of individuals applying for driver’s licenses, registration by mail, and registration at certain government agencies.

<sup>2</sup> The Ethics Reform Act of 1989 requires personal financial disclosure reports from federal candidates.

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### 3. Levin Funds

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Levin funds are donations from sources ordinarily prohibited by federal law but permitted by State law. All donations of Levin funds must be lawful under the laws of the State in which the committee is organized. 300.31 (b).

A state, district or local committee may not solicit or accept Levin funds which aggregate to more than \$10,000 per source in a calendar year. If the State in which the committee is organized limits donations to that committee to less than \$10,000, then the State limit has priority. However, if the State permits higher amounts, the \$10,000 limit still applies. 300.31 (d)(1)-(2). Similarly, federal law does not prohibit corporate or union donations of Levin funds, but if state law does, then that ban would apply.

For further information of Levin funds and federal election activity, see chapters 8 and 14.

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## Appendix F Other Laws

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In addition to complying with the Federal Election Campaign Act, party committees must observe laws and rules outside the Commission's jurisdiction.

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### 1. Ballot Access Laws

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The process by which candidates and political parties appear on the ballot is subject to state law.

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### 2. Tax Laws

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Party committees and organizations should be aware that they have to comply with federal and state laws on income tax. For information on federal tax laws, contact the Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224 Attention: E:EO(202/283-2300 or 1-877-829-5500 or at [www.irs.gov/eo](http://www.irs.gov/eo)).

Committees need to obtain a taxpayer ID number. Call 800/TAX-FORM for information. Each regional IRS office also has a toll-free number; consult your telephone directory for the number in your state. Consult the appropriate state agency for information on state income tax laws.

Note that, under the Internal Revenue Code, a committee may have to include a special solicitation notice. See "IRS Notice," page 18.

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### 3. Communications Act

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For information on rules concerning rates for purchasing broadcast time, equal access to broadcast media, and procedures for filing complaints in this area, contact the Federal Communications Commission, Policy Division, 445 12<sup>th</sup> Street, SW, Washington, DC 20554 (202/418-2120 or 888-225-5322).

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### 4. Hatch Act

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For information on the Hatch Act, which regulates political activity by federal employees, contact the Office of Special Counsel, 1730 M Street, NW, Washington, DC 20036 (800/854-2824 or 202/653-7143 or at [www.osc.gov/hatchact.htm](http://www.osc.gov/hatchact.htm)).

## Appendix G Definitions

**Act**—The Federal Election Campaign Act of 1971 (2 U.S.C. §§431 et seq.), as amended. 100.18.

**Administrative Expenses**—Rent, utilities, office equipment, office supplies, routine building maintenance and other operating costs not attributable to a specific candidate. 106.7(c)(2).

**Advisory Opinion (AO)**—A formal Commission response regarding the legality of a specific activity proposed in an advisory opinion request (AOR). Part 112.

**Affiliated**—See below.

**Affiliated Committees**—Committees and organizations that are considered one committee for purposes of the contribution limits. 110.3(a)(1).

- A state party committee and local party committees and organizations within that state are presumed to be affiliated unless the local party unit can demonstrate otherwise. 110.3(b)(3)
- All committees authorized by the same candidate for the same election. 100.5(g)(1); 110.3(a)(1)(i).
- Committees or organizations established, financed, maintained or controlled by the same corporation, labor organization, person or group. 100.5(g)(2); 110.3(a)(1)(ii).

**Allocation Account**—A separate federal account into which funds from either a committee's federal and nonfederal accounts, or from its federal and Levin accounts, are deposited solely to pay expenses that must be allocated. (Committee must have separate allocation accounts for its federal/nonfederal allocation and for its federal/Levin allocation.) 106.7(f) and 300.33(d).

**Agent (of a party)**—An agent is any person that has actual authority, either expressed or implied, to engage in certain activities on behalf of the committee.

- In the case of state and local party committees, these activities are 1) expending or disbursing any funds for federal election activity, 2)

transferring or accepting transfers of funds for federal election activity, 3) engaging in joint fundraising activity if any part of the funds are to be used for federal election activity, or soliciting any funds for, or making or directing any donations to, any tax-exempt 501 (c) organization or 527 organization that is not also a political committee, a party committee or an authorized campaign committee. 300.2(b)(2).

- In the case of the national party committees, these activities are 1) soliciting, directing or receiving a contribution, donation or transfer of funds or, 2) soliciting any funds for, or making or directing contributions to, any tax-exempt 501 (c) organization or 527 organization that is not also a political committee, a party committee or an authorized campaign committee. 300.2(b)(1).
- In the case of communications, for all party committees, the activities include requesting or suggesting that a communication be created, produced or distributed; creating, producing or distributing any communication at the request of a candidate; or being materially involved in the content or distribution of a communication. 109.3(a).

**Agent (of a candidate)**—An agent is any person that on behalf of a campaign has actual authority, either expressed or implied, to:

- Solicit, receive, direct, transfer or spend funds in connection with any election. 300.2(b)(3), or
- Request or suggest that a communication be created, produced or distributed; to create, produce or distribute any communication at the request of a candidate; or to be materially involved in the content or distribution of a communication. 109.3(b).

**Authorized Committee**—See Candidate Committee.

**Bank**—A state bank, a federally chartered depository institution (including a national bank) or a depository institution insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. 103.2; 100.82(a)-(d); 100.142(a)-(d).

**Candidate**—An individual seeking nomination or election to federal office becomes a candidate when he or she and agents acting on his or her behalf raise contributions or make expenditures that exceed \$5,000. 100.3(a).

**Candidate Committee**—A principal campaign committee or any other political committee authorized in writing by a federal candidate to receive contributions and make expenditures on the candidate’s behalf. 100.5(e)(1) and 100.5(f)(1). The Act and FEC regulations refer to candidate committees as authorized committees.

**Candidate’s Campaign**—A candidate for federal office, his or her authorized agents, principal campaign committee and other authorized committees.

**Clearly Identified Candidate**—A candidate is clearly identified when his or her name, nickname, drawing or photograph appears in a communication or when his or her identity is otherwise apparent through an unambiguous reference (such as “the President,” “your Congressman” or “the incumbent”) or through an unambiguous reference to his or her status as a candidate (such as “the Democratic Presidential nominee” or “the Republican candidate for Senate in the State of Georgia”). 100.17.

**Commercial Vendor**—A person whose usual and normal business involves the sale, rental, lease or provision of the goods or services it provides to a candidate or political committee. 116.1(c).

**Committee**—As generally used in this guide, a political committee. (In Appendix E, however, the term means a political committee or an unregistered group.)

**Contribution**—A payment, service or anything of value given to influence a federal election. 100.52(a).

**Coordinated**—Made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee or their agents, or a political party committee or its agents. 109.20

**Coordinated Communication**—A communication that satisfies a three-prong test. 1) the communication must be paid for by a person other than a federal candidate, a candidate’s authorized committee or political party committee, or any agent of any of the foregoing (but see also “Party Coordinated Communication,” below); 2) one or more of the four content standards set forth

in 11 CFR 109.21(c) must be satisfied; and 3) one or more of the five conduct standards set forth in 11 CFR 109.21(d) must be satisfied. A payment for a communication satisfying all three prongs is an in-kind contribution to the candidate or political party committee with which it was coordinated. 109.21.

**Coordinated Party Expenditures**—Commonly referred to as a “441 a(d)” expenditure for its derivation from 2 U.S.C. 441 a(d), this is a special type of expenditure that can only be made by a national or state political party committee in connection with the general election of a candidate. These expenditures are subject to a separate set of limits and do not count against the party’s normal contribution limits with respect to each candidate. 109.30, 109.32 and 109.34.

**Corporation**—Any separately incorporated entity (other than a political committee that has incorporated for liability purposes only). 100.134(l); 114.12(a). The term covers both for-profit and nonprofit incorporated organizations and includes corporations without capital stock, incorporated membership organizations, incorporated trade associations, incorporated cooperatives and professional corporations.

**Delegate**—An individual who is or seeks to become a delegate to a national nominating convention or to a state or local convention, caucus or primary held to select delegates to a national nominating convention. 110.14(b)(1).

**Delegate Committee**—A group organized for the purpose of influencing the selection of one or more delegates. The term includes a group of delegates, a group of individuals seeking to become delegates and a group of individuals supporting delegates. 110.14(b)(2).

**District Party Committee**—See **local party committee**

**Earmarked Contribution**—A contribution that the contributor directs (either orally or in writing) to a clearly identified candidate or candidate’s committee through an intermediary or conduit. Earmarking may take the form of a designation, instruction or encumbrance, and it may be direct or indirect, express or implied. 110.6(b)(1).

**Election**—Any one of several processes by which an individual seeks nomination for election, or election, to federal office. They include: a primary election, including a caucus or convention that has authority to select a nominee; a general election; a runoff election; and a special election held to fill a vacant seat. 100.2.

**Election Year**—A year in which there are regularly scheduled elections for federal office (i.e., even-numbered years).

**Electioneering Communication**—Any broadcast, cable or satellite communication that 1) refers to a clearly identified federal candidate, 2) is publicly distributed within 60 days of a general election or 30 days of a primary, and 3) is targeted to the relevant electorate, in the case of House and Senate candidates. 100.29(a).

**Exempt Party Activities**—Certain candidate-support activities that state and local party groups may undertake without making a contribution or expenditure, provided specific rules are followed. 100.80; 100.87; 100.89; 100.140; 100.147; 100.149.

**Expenditure**—A purchase or payment for the purpose of influencing a federal election. A written agreement to make an expenditure is considered an expenditure. 100.111 (a); 100.112; 114.1 (a).

**Express Advocacy**—Unambiguously advocating the election or defeat of a clearly identified federal candidate. There are two ways that a communication can be defined as express advocacy (candidate advocacy): by use of certain “explicit words of advocacy of election or defeat” and by the “only reasonable interpretation” test. 100.22. See Chapter 9 for further detail.

**Federal Account**—An account established for activity in connection with any federal election. 102.5(a)(1)(i).

**Federal Election**—An election for federal office.

**Federal Election Activity**—Activity by entities, including state, district and local party committees which may be paid for with federal or - in the case of the first two types - a combination of federal and Levin funds. 1) Voter registration activity during the period 120 days before a primary or general election and ending on

election day itself; 2) Voter identification, get-out-the-vote and generic campaign activity conducted in connection with an election in which a federal candidate appears on the ballot; 3) A public communication that refers to a clearly identified candidate for federal office and that promotes, attacks, supports or opposes any candidate for federal office. The communication does not need to expressly advocate the election or defeat of the federal candidate to qualify as federal election activity; and 4) Services provided during a month by an employee of a state, district or local party committee who spends more than 25 percent of his or her compensated time during that month on activities in connection with a federal election. 100.24(b)

**Federal Funds**—Funds which comply with the limits, prohibitions and reporting requirements of federal law. 300.2(g).

**Federal Government Contractor**—A person who enters into a contract with any agency or department of the United States government and is paid for services, materials, equipment, supplies, land or buildings with funds appropriated by Congress. 115.1 (a).

**Federal Office**—U.S. Presidency and Vice Presidency and seats in the U.S. Congress: Senator, Representative, Delegate (the District of Columbia, American Samoa, Guam, Virgin Islands) and Resident Commissioner (Puerto Rico). 100.4.

**Foreign National**—A foreign national is either: (1) an individual who is not a citizen or “national” of the United States and has not been lawfully admitted to the U.S. for permanent residence, as defined in 8†U.S.C. §1101 (a)(20); or (2) a foreign principal, as defined in 2 U.S.C. §611 (b). 110.20(a)(3).

**Generic Campaign Activity**—A type of federal election activity, as distinguished from voter drive activity (see below). Generic campaign activity is a public communication that promotes or opposes a political party and does not promote or oppose a clearly identified federal candidate or a nonfederal candidate. 100.25.

**Get-out-the-vote activity**—In regard to federal election activity, this means contacting registered voters by telephone, in person or by other

individualized means to assist them in voting. This activity includes, but is not limited to providing individual voters with information about when and where polling places are open within 72 hours of the election or transporting voters to polling places. 100.24(a)(3).

**Independent Expenditure**—An expenditure for a communication which expressly advocates the election or defeat of a clearly identified candidate and which is not made in coordination with any candidate or authorized committee or agent of a candidate. 100.16; 109.37.

**In-Kind Contribution**—A contribution of goods, services or property offered free or at less than the usual and normal charge. The term also includes payments made on behalf of, but not directly to, candidates and political committees. 100.52(d).

**Joint Contribution**—A contribution made by more than one person on a single check or other written instrument. 110.1(k)(1).

**Labor Organization**—A union or other employee-representative organization that deals with employers on grievances, labor disputes, wages, working conditions, etc. 100.134(b); 114.1(d).

**Levin Funds**—A category of funds raised by state, district and local party committees that may be spent for certain federal election activities. Levin funds are donations from sources ordinarily prohibited by federal law but permitted by State law.

**Local or District Party Committee**—A political committee responsible for the day-to-day operation of a political party at a level lower than the state level (e.g., city, county, ward). 100.14(b).

**Local Party Organization**—Same as Local Party Committee except that a local party organization is not a political committee.

**Major Party**—A political party whose candidate in the preceding Presidential election received, as the candidate of such party, 25 percent or more of the popular vote. 9002.6; 9008.2(c).

**Memo Entry**—Supplemental or explanatory information on a reporting schedule. The dollar amount of a memo entry is not included in the total figure for the schedule. A memo entry is often used to disclose additional information

about an itemized transaction that is included in the total receipts or disbursements for the current report or a previous report.

**Minor Party**—A political party whose candidate in the preceding Presidential election received, as the candidate of such party, 5 percent or more, but less than 25 percent, of the popular vote. 9002.7; 9008.2(d).

**Multicandidate Committee**—A political committee that has been registered at least 6 months, has more than 50 contributors and, with the exception of state party committees, has made contributions to at least 5 candidates for federal office. 100.5(e)(3).

**MUR (Matter Under Review)**—An FEC enforcement action, initiated by a sworn complaint or by an internal administrative action.

**National Committee**—An organization that, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of the political party at the national level, as determined by the Commission. 100.13.

**National Party Committee**—A political committee established and maintained by a national political party. A party's national committee, House campaign committee and Senate campaign committee are defined as national party committees. 110.1(c)(2); 110.2(c)(2); 110.3(b)(2).

**Negative Entry**—A negative amount entered on a reporting schedule, shown in parentheses on a schedule. The amount is subtracted from the total balance for that schedule.

**Net Debts Outstanding**—The total of a candidate committee's unpaid debts with respect to a particular election, including estimated costs to liquidate the debts plus costs of terminating political activity (if appropriate) minus cash on hand and receivables. 110.1(b)(3)(ii); 110.2(b)(3)(ii).

**New Party**—A political party that is neither a major party nor a minor party. 9002.8; 9008.2(f).

**Nonconnected Committee**—A political committee that is not a party committee, a separate segregated fund or an authorized committee of a candidate.

**Nonelection Year**—A year in which there is no regularly scheduled federal election (i.e., odd-numbered years).

**Nonfederal Account**—An account established solely for activity in connection with nonfederal (state and local) elections. 102.5(a)(1)(i).

**Nonfederal Election**—An election for state or local office.

**Nonmajor Party**—A political party that is either a minor party or a new party.

**Ongoing Committee**—A political committee that has not terminated and does not qualify as a terminating committee. 116.1 (b).

**Operating Expenditures**—The same as Administrative Expenses, but also includes disbursements for salaries that do not qualify as federal election activity.

**Organization**—Generally used in this guide to mean a group that is not a political committee.

**PAC**—Acronym for Political Action Committee.

**Party Committee**—A political committee which represents a political party and is part of the official party structure at the national, state or local level. 100.5(e)(4).

**Party Coordinated Communication**—A communication that satisfies a similar three-prong test as for a “coordinated communication” (see above), except that the first prong requires that the communication be paid for by a political party committee or its agents. A payment for a communication satisfying all three prongs is either an in-kind contribution to, or a “coordinated party expenditure” on behalf of, the candidate with whom it was coordinated. 109.37.

**Party Organization**—Same as Party Committee except that a party organization is not a political committee.

**Permissible Funds**—Funds which do not violate the Act’s limits or prohibitions.

**Person**—An individual, partnership or any group of persons (such as a political committee, corporation or labor organization), not including the federal government. 100.10.

**Political Action Committee (PAC)**—Popular term for a political committee that is neither a party committee nor an authorized committee of a candidate. PACs established, administered or financially supported by corporations or labor organizations are called separate segregated funds (SSFs); other PACs are called nonconnected committees.

**Political Committee**—An entity that meets one of the following conditions:

- A state party committee or nonparty committee (e.g., a nonconnected committee), club, association or other group of persons that receives contributions or makes expenditures, either of which aggregate over \$1,000 during a calendar year.
- A local unit of a political party that: (1) receives contributions aggregating over \$5,000 during a calendar year; (2) makes contributions or expenditures that aggregate over \$1,000 during a calendar year; or (3) makes payments aggregating over \$5,000 during a calendar year for exempt party activities.
- An authorized committee of a candidate (see definition of “candidate” and “candidate committee”).
- Any separate segregated fund upon its establishment. 100.5(a)(d).

**Political Party**—An organization that nominates or selects a candidate for election to federal office whose name appears on the election ballot as the candidate of the organization. 100.15.

**Principal Campaign Committee**—A committee authorized by the candidate as the principal committee of his or her campaign. 100.5(e)(1).

**Public Communication**—A communication by means of any broadcast or satellite communication, newspaper, magazine, outdoor advertising facility, mass mailing or telephone bank to the general public, or any other form of general public political advertising. 100.26.

**Refunded Contribution**—A contribution is refunded when the recipient committee deposits the contribution and sends the contributor a check

for the amount (or a portion) of the contribution. 103.3(b). Compare with Returned Contribution.

**Restricted Class**—The executive and administrative personnel, members and stockholders (and the families of each) of a corporation or labor organization. 114.1(j).

**Returned Contribution**—A contribution is returned when the recipient committee sends the original check (or other negotiable instrument) back to the contributor, without depositing it. 103.3(a). Compare with Refunded Contribution.

**Runoff Election**—An election held after a primary or a general election when no candidate wins the previous election. 100.2(d).

**Separate Segregated Fund (SSF)**—A political committee established, administered or financially supported by a corporation or labor organization. 114.1(a)(2)(iii) and 100.6. SSFs are popularly called political action committees or PACs.

**Solicit**—With regard to 11 CFR, part 300, to solicit means to ask that another person make a contribution, donation, transfer of funds or anything of value, either directly or through an intermediary.

**Special Election**—A primary, general or runoff election which is not a regularly scheduled election and which is held to fill a vacancy in the U.S. House of Representatives or the U.S. Senate. 100.2(f).

**State Party Committee**—A political committee which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of the party at the state level. 100.14(a).

**Subordinate Party Committee**—Any organization that is at the level of city, county, neighborhood, ward, district, precinct or any subdivision of a State, or any organization under the direction or control of the state committee, and is directly or indirectly established, financed, maintained or controlled by the state, district or local committee. 100.14(c).

**Terminating Committee**—A political committee that is winding down its activities in preparation for filing a termination report and that has ceased to receive or make contributions (other than to receive contributions for debt retirement purposes)

and to make expenditures (other than for payment of debts and winding-down costs). 116.1(a).

**Transfer**—A payment by one party committee to an affiliated committee or to another party committee or party organization. 102.6(a)(i) and (ii) and 110.3(c)(1).

**Unauthorized Committee**—A political committee not authorized in writing by any candidate to solicit or receive contributions or to make expenditures on behalf of a candidate. 100.5(f)(2).

**Unauthorized Single-Candidate Committee**—A political committee not authorized by any candidate, which makes contributions or expenditures on behalf of only one candidate. 100.5(e)(2) and (f)(2).

**Usual and Normal Charge**—With regard to goods, the price of the goods in the market from which they ordinarily would have been purchased at the time they were provided. With regard to services, the hourly or piecework charge at the commercially reasonable rate prevailing at the time the services were rendered. 100.52(d)(2).

**Voter Drive Activity**—Voter identification, voter registration, and get-out-the-vote-drives, or any other activities that urge the general public to register or vote, or that promote or oppose a political party, without promoting any federal or nonfederal candidate. This is a category of allocable activity for mixed federal / nonfederal party activity sometimes also referred to as a “generic voter drive”. 106.7(c)(5).

**Voter Identification**—With regard to federal election activity, creating or enhancing voter lists by verifying or adding information about the voters’ likelihood of voting in an upcoming election or their likelihood for voting for specific candidates. 100.24(a)(4).

**Voter Registration Activity**—In regard to federal election activity, this means contacting individuals by telephone, in person or by other individualized means in order to assist them in registering to vote. This activity includes, but is not limited to, printing and distributing registration and voting information, providing individuals with registration forms and assisting individuals with completing and filing these forms. 100.24(a)(2).





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Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

or call us at  
1-(800) 424-9530

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[www.fec.gov](http://www.fec.gov)